
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended January 31, 2010

OR

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

Commission file number: 000-33385

CALAVO GROWERS, INC.

(Exact name of registrant as specified in its charter)

California
(State of incorporation)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Registrant's number of shares of common stock outstanding as of January 31, 2010 was 14,504,833

CAUTIONARY STATEMENT

This Quarterly Report on Form 10-Q contains statements relating to our future results (including certain projections and business trends) that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the “safe harbor” created by those sections. Forward-looking statements frequently are identifiable by the use of words such as “believe,” “anticipate,” “expect,” “intend,” “will,” and other similar expressions. Our actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to: increased competition, conducting substantial amounts of business internationally, pricing pressures on agricultural products, adverse weather and growing conditions confronting avocado growers, new governmental regulations, as well as other risks and uncertainties, including but not limited to those set forth in Part I., Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the fiscal year ended October 31, 2009, and those detailed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events, or otherwise.

CALAVO GROWERS, INC.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(in thousands)

	<u>January 31,</u> <u>2010</u>	<u>October 31,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 972	\$ 875
Accounts receivable, net of allowances of \$1,822 (2010) and \$2,353 (2009)	29,163	22,314
Inventories, net	13,410	11,731
Prepaid expenses and other current assets	7,177	7,191
Advances to suppliers	6,152	2,329
Income taxes receivable	762	2,178
Deferred income taxes	2,728	2,728
Total current assets	60,364	49,346
Property, plant, and equipment, net	39,232	38,621
Investment in Limoneira Company	23,681	24,200
Investment in unconsolidated subsidiaries	1,504	1,382
Goodwill	3,591	3,591
Other assets	5,992	6,076
	<u>\$ 134,364</u>	<u>\$ 123,216</u>
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	\$ 1,650	\$ 396
Trade accounts payable	2,446	2,223
Accrued expenses	26,153	20,032
Short-term borrowings	14,570	5,520
Dividend payable	—	7,252
Current portion of long-term obligations	1,367	1,366
Total current liabilities	46,186	36,789
Long-term liabilities:		
Long-term obligations, less current portion	13,891	13,908
Deferred income taxes	2,830	3,032
Total long-term liabilities	16,721	16,940
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized; 14,505 (2010) and (2009) issued and outstanding	14	14
Additional paid-in capital	39,726	39,714
Accumulated other comprehensive income	150	466
Retained earnings	31,567	29,293
Total shareholders' equity	71,457	69,487
	<u>\$ 134,364</u>	<u>\$ 123,216</u>

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

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three months ended	
	January 31,	
	2010	2009
Net sales	\$ 67,320	\$ 70,647
Cost of sales	58,445	58,188
Gross margin	8,875	12,459
Selling, general and administrative	5,164	5,300
Operating income	3,711	7,159
Interest expense	(229)	(326)
Other income, net	265	255
Income before provision for income taxes	3,747	7,088
Provision for income taxes	1,473	2,708
Net income	<u>\$ 2,274</u>	<u>\$ 4,380</u>
Net income per share:		
Basic	<u>\$ 0.16</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.16</u>	<u>\$ 0.30</u>
Number of shares used in per share computation:		
Basic	<u>14,505</u>	<u>14,419</u>
Diluted	<u>14,572</u>	<u>14,429</u>

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

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three months ended	
	January 31,	
	2010	2009
Net income	\$ 2,274	\$ 4,380
Other comprehensive loss, before tax:		
Unrealized investment holding losses arising during period	(518)	(2,247)
Income tax benefit related to items of other comprehensive loss	202	870
Other comprehensive loss, net of tax	(316)	(1,377)
Comprehensive income	<u>\$ 1,958</u>	<u>\$ 3,003</u>

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

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three months ended January 31,	
	2010	2009
Cash Flows from Operating Activities:		
Net income	\$ 2,274	\$ 4,380
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	791	749
Provision for losses on accounts receivable	—	88
Income from Maui Fresh, LLC	(122)	(96)
Interest on deferred consideration	24	45
Stock compensation expense	12	8
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable	(6,849)	(546)
Inventories, net	(1,679)	1,464
Prepaid expenses and other current assets	14	(189)
Advances to suppliers	(3,823)	(2,785)
Income taxes receivable	1,416	999
Other assets	(30)	(21)
Payable to growers	1,254	(1,820)
Income taxes payable	—	1,618
Trade accounts payable and accrued expenses	6,321	1,333
Net cash provided by (used in) operating activities	(397)	5,227
Cash Flows from Investing Activities:		
Acquisitions of and deposits on property, plant, and equipment	(1,288)	(704)
Net cash used in investing activities	(1,288)	(704)
Cash Flows from Financing Activities:		
Payment of dividend to shareholders	(7,252)	(5,047)
Proceeds from revolving credit facilities, net	9,050	380
Payments on long-term obligations	(16)	(16)
Exercise of stock options	—	36
Net cash provided by (used in) financing activities	1,782	(4,647)
Net increase (decrease) in cash and cash equivalents	97	(124)
Cash and cash equivalents, beginning of period	875	1,509
Cash and cash equivalents, end of period	<u>\$ 972</u>	<u>\$ 1,385</u>
Noncash Investing and Financing Activities:		
Tax benefit related to stock option exercise	<u>\$ —</u>	<u>\$ 7</u>
Construction in progress included in trade accounts payable	<u>\$ —</u>	<u>\$ 39</u>
Unrealized investment holding losses	<u>\$ (518)</u>	<u>\$ (2,247)</u>

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

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

1. Description of the business

Business

Calavo Growers, Inc. (Calavo, the Company, we, us or our) procures and markets avocados and other perishable commodities and prepares and distributes processed avocado products. Our expertise in marketing and distributing avocados, processed avocados, and other perishable foods allows us to deliver a wide array of fresh and processed food products to food distributors, produce wholesalers, supermarkets, and restaurants on a worldwide basis. We procure avocados principally from California, Mexico, and Chile. Through our operating facilities in southern California, Texas, New Jersey, Arizona, and Mexico, we sort, pack, and/or ripen avocados and/or tomatoes for distribution both domestically and internationally. Additionally, we also distribute other perishable foods, such as pineapples and Hawaiian grown papayas, and prepare processed avocado products. We report our operations in two different business segments: (1) fresh products and (2) processed products.

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the Company's financial position, results of operations and cash flows. The results of operations for interim periods are not necessarily indicative of the results that may be expected for a full year. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009.

Recently Adopted Accounting Pronouncements

In April 2009, as amended in February 2010, we adopted accounting guidance for subsequent events, which establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. In particular, this accounting guidance sets forth:

- Ø The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements.
- Ø The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements.
- Ø The disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

Our adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

Effective the first quarter of fiscal 2010, we adopted, on a prospective basis, guidance related to fair value measurements pertaining to nonfinancial assets and liabilities. The adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

Effective the first quarter of fiscal 2010, we adopted revised accounting guidance for business combinations, which changed its previous accounting practices regarding business combinations. The statement requires a number of changes, to be applied prospectively, to the purchase method of accounting for acquisitions, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. The impact of this accounting guidance and its relevant updates on our results of operations or financial position will vary depending

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

on each specific business combination. We did not close any business combinations in the first quarter of fiscal 2010. See Note 9 for a business combination we closed in February 2010.

Effective the first quarter of fiscal 2010, we adopted revised accounting guidance for the determination of the useful life of intangible assets. This accounting guidance amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset. This change is intended to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The requirement for determining useful lives must be applied prospectively to intangible assets acquired after the effective date and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. Our adoption of this accounting guidance did not have a material impact on its financial position, results of operations or liquidity.

Effective the first quarter of fiscal 2010, we adopted revised accounting guidance for measuring liabilities at fair value. This accounting guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following methods: 1) a valuation technique that uses a) the quoted price of the identical liability when traded as an asset or b) quoted prices for similar liabilities or similar liabilities when traded as assets and/or 2) a valuation technique that is consistent with the principles of the accounting guidance for fair value measurements and disclosures. This accounting guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to adjust to include inputs relating to the existence of transfer restrictions on that liability. Our adoption of this accounting guidance did not have a material impact on our financial position, results of operations or liquidity.

Effective the first quarter of fiscal 2010, we adopted revised accounting guidance related to the accounting and reporting for minority interests. Minority interests are now re-characterized as noncontrolling interests and are reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest is now included in consolidated net income on the face of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings.

Recently Issued Accounting Standards

In June 2009, the 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. This accounting guidance will be effective for financial statements issued for fiscal years beginning after November 15, 2009, 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.

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. This accounting guidance will be effective for financial statements issued for fiscal years beginning after November 15, 2009, 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.

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

2. Information regarding our operations in different segments

We report our operations in two different business segments: fresh products and processed products. These two business segments are presented based on how information is used by our president to measure performance and allocate resources. The fresh products segment includes all operations that involve the distribution of avocados and other perishable food products. The processed products segment represents all operations related to the purchase, manufacturing, and distribution of processed avocado products. Additionally, selling, general and administrative expenses, as well as other non-operating income/expense items, are evaluated by our president in the aggregate. We do not allocate assets, or specifically identify them to, our operating segments. Prior period amounts have been reclassified to conform to the current period presentation. The following table sets forth sales by product category, by segment (in thousands):

	<u>Three months ended January 31, 2010</u>			<u>Three months ended January 31, 2009</u>		
	<u>Fresh products</u>	<u>Processed products</u>	<u>Total</u>	<u>Fresh products</u>	<u>Processed products</u>	<u>Total</u>
Third-party sales:						
Avocados	\$ 43,619	\$ —	\$ 43,619	\$ 48,846	\$ —	\$ 48,846
Tomatoes	8,064	—	8,064	4,028	—	4,028
Pineapples	1,734	—	1,734	3,651	—	3,651
Papayas	2,094	—	2,094	1,868	—	1,868
Other Fresh products	1,020	—	1,020	1,950	—	1,950
Processed — food service	—	8,257	8,257	—	8,176	8,176
Processed — retail and club	—	4,587	4,587	—	4,172	4,172
Total gross sales	<u>56,531</u>	<u>12,844</u>	<u>69,375</u>	<u>60,343</u>	<u>12,348</u>	<u>72,691</u>
Less sales incentives	(194)	(1,861)	(2,055)	(184)	(1,860)	(2,044)
Net sales	<u>\$ 56,337</u>	<u>\$ 10,983</u>	<u>\$ 67,320</u>	<u>\$ 60,159</u>	<u>\$ 10,488</u>	<u>\$ 70,647</u>

	<u>Fresh products</u>	<u>Processed products</u>	<u>Total</u>
	(All amounts are presented in thousands)		
Three months ended January 31, 2010			
Net sales	\$ 56,337	\$ 10,983	\$ 67,320
Cost of sales	<u>51,518</u>	<u>6,927</u>	<u>58,445</u>
Gross margin	<u>\$ 4,819</u>	<u>\$ 4,056</u>	<u>\$ 8,875</u>

Three months ended January 31, 2009			
Net sales	\$ 60,159	\$ 10,488	\$ 70,647
Cost of sales	<u>51,370</u>	<u>6,818</u>	<u>58,188</u>
Gross margin	<u>\$ 8,789</u>	<u>\$ 3,670</u>	<u>\$ 12,459</u>

For the quarters ended January 31, 2010 and 2009, intercompany sales and cost of sales of \$5,875 and \$6,117 were eliminated.

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

3. Inventories

Inventories consist of the following (in thousands):

	<u>January 31,</u> <u>2010</u>	<u>October 31,</u> <u>2009</u>
Fresh fruit	\$ 6,443	\$ 4,495
Packing supplies and ingredients	2,851	2,652
Finished processed foods	4,116	4,584
	<u>\$ 13,410</u>	<u>\$ 11,731</u>

During the three month periods ended January 31, 2010 and 2009, we were not required to, and did not, record any provisions to reduce our inventories to the lower of cost or market.

4. Related party transactions

Certain members of our Board of Directors market avocados through Calavo pursuant to marketing agreements substantially similar to the marketing agreements that we enter into with other growers. During the three months ended January 31, 2010 and 2009, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was \$0.7 million and \$0.1 million. Amounts payable to these board members was \$0.5 million as of January 31, 2010. We did not have an accounts payable balance to these board members as of October 31, 2009.

During the first quarter of fiscal 2010 and 2009, we received \$0.1 million as dividend income from Limoneira.

5. Other assets

At January 31, 2010, other assets in the accompanying consolidated condensed financial statements included the following intangible assets: customer-related, trade name and non-competition agreements of \$1.8 million (accumulated amortization of \$0.9 million) and brand name intangibles of \$0.3 million. The customer-related, trade name and non-competition agreements are being amortized over periods up to ten years. The intangible asset related to the brand name currently has an indefinite life and, as a result, is not currently subject to amortization. We anticipate recording amortization expense of approximately \$114,000 for the remainder of fiscal 2010, with \$144,000 of amortization expense for fiscal years 2011 and 2012 and \$131,000 of amortization expense for fiscal years 2013 and 2014. The remainder of approximately \$241,000 will be amortized over fiscal years 2015 through 2018.

6. Stock-Based Compensation

We have one active stock-based compensation plan, the 2005 Stock Incentive Plan, under which employees and directors may be granted options to purchase shares of our common stock. 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 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.

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

A summary of stock option activity, related to our 2005 Stock Incentive Plan, is as follows (in thousands, except for per share amounts):

	<u>Number of Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at October 31, 2009	284	\$ 10.23	
Outstanding at January 31, 2010	284	\$ 10.23	\$ 1,863
Exercisable at January 31, 2010	226	\$ 9.41	\$ 1,665

At January 31, 2010, outstanding stock options had a weighted-average remaining contractual term of 2.1 years. At January 31, 2009, exercisable stock options had a weighted-average remaining contractual term of 0.9 years. The total recognized stock-based compensation expense was insignificant for the three months ended January 31, 2010.

7. Other events

Dividend payment

On December 11, 2009 we paid a \$0.50 per share dividend in the aggregate amount of \$7.3 million to shareholders of record on December 1, 2009.

Contingencies

Hacienda Suit — We are currently under examination by the Mexican tax authorities (Hacienda) for the tax years ended December 31, 2000 and December 31, 2004. We have received assessments totaling approximately \$2.0 million and \$4.5 million from Hacienda related to the amount of income at our Mexican subsidiary. Subsequent to that initial assessment, the Hacienda offered a settlement of approximately \$400,000 related to the tax year 2000 assessment, which we declined. In the second quarter of 2009, we won our most recent appeal case for the tax year ended December 31, 2000. The Hacienda subsequently appealed that decision and the case was sent back to the tax court due to administrative error by such jurisdiction. In the second quarter of 2009, the Hacienda initiated an examination related to tax year ended December 31, 2007 as well. We are not aware of any assessments related to this examination, but we do not expect this examination to have a significant impact on our results of operations. We pledged our processed products building located in Uruapan, Michoacan, Mexico as collateral to the Hacienda in regards to these assessments.

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.

8. 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).

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

The following table sets forth our financial assets (there are no liabilities requiring disclosure) as of January 31, 2010 that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
		(All amounts are presented in thousands)		
Assets at Fair Value:				
Investment in Limoneira Company ⁽¹⁾	\$ 23,681	—	—	\$ 23,681
Total assets at fair value	<u>\$ 23,681</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,681</u>

(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. Unrealized gain and losses are recognized through other comprehensive income. Unrealized investment holding losses arising during the quarter ended January 31, 2010 was \$0.5 million.

9. Subsequent events

We have evaluated events subsequent to January 31, 2010 to assess the need for potential recognition or disclosure in this Quarterly Report on Form 10-Q. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition in the financial statements and that the following items represent events that merit disclosure herein:

Business Acquisition

Calavo Growers, Inc. ("Calavo"), Calavo Salsa Lisa, LLC ("Calavo Salsa Lisa"), 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 newly created Calavo Salsa Lisa which acquired substantially all of the assets of LSC on February 8, 2010. Elizabeth Nicholson and Eric Nicholson, through LSC, hold the remaining 35 percent ownership of Calavo Salsa Lisa. LSC is a respected regional producer in the upper Midwest of Salsa Lisa refrigerated salsas. The Acquisition Agreement provided, among other things, that Calavo make a payment totaling \$100,000 for such 65 percent interest, as well as a \$300,000 payment representing a loan to be repaid from Calavo Salsa Lisa. Calavo made the initial payment on February 8, 2010. The purchase price can increase, subject to certain earn-out payments, as defined.

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

This information should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto included in this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report on Form 10-K for the year ended October 31, 2009 of Calavo Growers, Inc. (we, Calavo, or the Company).

Recent Developments*Dividend payment*

On December 11, 2009 we paid a \$0.50 per share dividend in the aggregate amount of \$7.3 million to shareholders of record on December 1, 2009.

Contingencies

Hacienda Suit — We are currently under examination by the Mexican tax authorities (Hacienda) for the tax years ended December 31, 2000 and December 31, 2004. We have received assessments totaling approximately \$2.0 million and \$4.5 million from Hacienda related to the amount of income at our Mexican subsidiary. Subsequent to that initial assessment, the Hacienda offered a settlement of approximately \$400,000 related to the tax year 2000 assessment, which we declined. In the second quarter of 2009, we won our most recent appeal case for the tax year ended December 31, 2000. The Hacienda subsequently appealed that decision and the case was sent back to the tax court due to administrative error by such jurisdiction. In the second quarter of 2009, the Hacienda initiated an examination related to tax year ended December 31, 2007 as well. We are not aware of any assessments related to this examination, but we do not expect this examination to have a significant impact on our results of operations. We pledged our processed products building located in Uruapan, Michoacan, Mexico as collateral to the Hacienda in regards to these assessments.

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.

Net Sales

The following table summarizes our net sales by business segment for each of the three-month periods ended January 31, 2010 and 2009:

<u>(in thousands)</u>	<u>2010</u>	<u>Three months ended January 31, Change</u>	<u>2009</u>
Net sales to third-parties:			
Fresh products	\$ 56,337	(6.4)%	\$ 60,159
Processed products	10,983	4.7%	10,488
Total net sales	<u>\$ 67,320</u>	(4.7)%	<u>\$ 70,647</u>
As a percentage of net sales:			
Fresh products	83.7%		85.2%
Processed products	16.3%		14.8%
	<u>100.0%</u>		<u>100.0%</u>

Net sales for the first quarter of fiscal 2010, compared to fiscal 2009, decreased by \$3.3 million, or 4.7%. The decrease in fresh product sales during the first quarter of fiscal 2010 was primarily related to decreased sales of Mexican sourced avocados, as well as pineapples. These decreases were partially offset, however, by increased sales from Chilean sourced avocados, as well as tomatoes. While the procurement of fresh avocados related to our

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fresh products segment is very seasonal, our processed products business is generally not subject to a seasonal effect. For the related three-month period, our processed products business sales increased when compared to the corresponding prior year period. This was primarily due to an increase 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

Net sales delivered by the business decreased by approximately \$3.8 million, or 6.4%, for the first quarter of fiscal 2010, when compared to the same period for fiscal 2009. As discussed above, this decrease in fresh product sales during the first quarter of fiscal 2010 was primarily related to a decrease in sales of Mexican sourced avocados (due primarily to a decrease in both units sold and sales price per unit), as well as pineapples (due primarily to a decrease in both units sold and sales price per unit). These decreases were partially offset, however, by increased sales from Chilean sourced avocados (due primarily to an increase in units sold), as well as tomatoes (due primarily to an increase in sales price per unit).

Sales of Mexican sourced avocados decreased \$7.8 million, or 17.3%, for the first quarter of 2010, when compared to the same prior year period. The decrease in Mexican sourced avocados was primarily related to a decrease in the average selling price per carton of Mexican avocados, which decreased approximately 9.5% when compared to the same prior year period. We attribute much of this decrease to the volume of non-Mexican sourced avocados in the U.S. marketplace during the first quarter of 2010, as compared to the same prior year period. Additionally, the volume of Mexican fruit sold decreased by 3.7 million pounds, or 8.7%, when compared to the same prior year period. We attribute some of this decrease in volume to the aforementioned decrease in sales prices, as discussed above, as growers were less willing to harvest their fruit.

Sales of pineapples decreased \$1.9 million, or 52.8% for the first quarter of fiscal 2010, when compared to the same period for fiscal 2009. The decrease in sales for pineapples was primarily due to a decrease in volume by 39.1% when compared to the same prior year period. This decrease is primarily related to our agreement with Maui Pineapple Company ending in December 2009. We believe that we have secured an additional Hawaiian source of pineapples and are currently pursuing other sources as well.

Partially offsetting such decreases was an increase in sales of Chilean sourced avocados, which increased \$2.3 million, or 122.9%, for the first quarter of 2010, when compared to the same prior year period. This increase was primarily related to the increase in the volume of Chilean fruit sold of 2.4 million pounds, or 135.2%. We believe this increase was primarily related to the significantly larger size of the Chilean avocado crop. The price per pound experienced a decrease of 5.2% for the first quarter of fiscal 2010, when compared to the same period for fiscal 2009, due primarily to such increased crop size.

Sales of tomatoes increased \$4.0 million, or 100.2%, for the first quarter of fiscal 2010, when compared to the same period for fiscal 2009. The increase in sales for tomatoes is primarily due to a significant increase in the average per carton selling price of 84.6%. We attribute some 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) during the first quarter of our fiscal 2010, as compared to the same prior period.

We anticipate that California avocado sales will experience a seasonal and cyclical increase during our second fiscal quarter of 2010, as compared to the first quarter of 2010 and second fiscal quarter of 2009.

We anticipate that net sales related to Mexican sourced avocados and tomatoes will increase during our second fiscal quarter of 2010, as compared to the first fiscal quarter of 2010. We anticipate Chilean avocados to experience a seasonal decrease.

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Processed products

Processed product sales for the quarter ended January 31, 2010, when compared to the same period for fiscal 2009, increased \$0.5 million, or 4.7%. This increase was primarily related to a 3.7% net increase in total pounds sold. The increase in pounds sold primarily related to an increase in the pounds sold of our high-pressure guacamole products, which increased approximately 10.3%, but was partially offset by a decrease in the sale of our frozen guacamole products, which decreased approximately 1.8% when compared to the same prior year period. The net average selling price of our processed products did not significantly change during our first fiscal quarter of 2010 when compared to the same prior year period.

Based primarily on the sluggish economy in the United States, we believe that retail sales, as a percentage of total net processed product sales, may increase in the future.

Gross Margins

The following table summarizes our gross margins and gross profit percentages by business segment for each of the three-month periods ended January 31, 2010 and 2009:

(in thousands)	Three months ended January 31,		
	2010	Change	2009
Gross margins:			
Fresh products	\$ 4,819	(45.2)%	\$ 8,789
Processed products	4,056	10.5%	3,670
Total gross margins	<u>\$ 8,875</u>	<u>(28.8)%</u>	<u>\$ 12,459</u>
Gross profit percentages:			
Fresh products	8.6%		14.6%
Processed products	36.9%		35.0%
Consolidated	13.2%		17.6%

Our cost of goods sold consists predominantly of fruit costs, packing materials, freight and handling, labor and overhead (including depreciation) associated with preparing food products and other direct expenses pertaining to products sold. Gross margins decreased by approximately \$3.6 million, or 28.8%, for the first quarter of fiscal 2010 when compared to the same period for fiscal 2009. These decreases were primarily attributable to reductions in our fresh products segment.

During our first fiscal quarter of 2010, as compared to the same prior year period, the decrease in our fresh products segment gross margin percentage was primarily related 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 3.7 million pounds or 8.7%, which we believe was primarily related to the aforementioned pricing pressure. Combined, these had the effect of increasing our per pound costs, which, as a result, negatively impacted gross margins.

The processed products gross profit percentages for the first quarter of fiscal 2010, as compared to the same prior year period, increased primarily as a result of lower fruit costs. Note that for our processed products, specifically our frozen products, inventory typically turns at a much slower rate than fresh inventory (i.e. inventory costs for processed products often relate to earlier periods when compared to fresh inventory).

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Selling, General and Administrative

<u>(in thousands)</u>	<u>Three months ended January 31,</u>		
	<u>2010</u>	<u>Change</u>	<u>2009</u>
Selling, general and administrative	\$ 5,164	(2.6)%	\$ 5,300
Percentage of net sales	7.7%		7.5%

Selling, general and administrative expenses include costs of marketing and advertising, sales expenses and other general and administrative costs. Selling, general and administrative expenses decreased \$0.1 million, or 2.6%, for the three months ended January 31, 2010, when compared to the same period for fiscal 2009. This decrease was primarily related to lower corporate costs, including, but not limited to, costs related to a decrease in bad debt expense (totaling approximately \$0.2 million), as well as a decrease in expected management bonuses (totaling approximately \$0.1 million). These decreases were partially offset by increases in director fees (totaling approximately \$0.1 million) and legal fees (totaling approximately \$0.1 million).

Provision for Income Taxes

<u>(in thousands)</u>	<u>Three months ended January 31,</u>		
	<u>2010</u>	<u>Change</u>	<u>2009</u>
Provision for income taxes	\$ 1,473	(45.6)%	\$ 2,708
Percentage of income before provision for income taxes	39.3%		38.2%

For the first three months of fiscal 2010, our provision for income taxes was \$1.5 million, as compared to \$2.7 million for the comparable prior year period. We expect our effective tax rate to be approximately 39% during fiscal 2010.

Liquidity and Capital Resources

Cash used in operating activities was \$0.4 million for the three months ended January 31, 2010, compared to \$5.2 million provided by operations for the similar period in fiscal 2009. Operating cash flows for the three months ended January 31, 2010 reflect our net income of \$2.3 million, net non-cash charges (depreciation and amortization, stock compensation expense, interest on deferred consideration, and income from Maui, LLC) of \$0.7 million and a net decrease in the noncash components of our operating capital of approximately \$3.4 million.

Our operating capital decrease primarily includes a net increase in accounts receivable of \$6.8 million, an increase in advances to suppliers of \$3.8 million, and an increase in inventory of \$1.7 million, partially offset by an increase in trade accounts payable and accrued expenses of \$6.3 million, a decrease in income tax receivable of \$1.4 million, and an increase in payable to growers of \$1.2 million.

The increase in our accounts receivable, as of January 31, 2010, when compared to October 31, 2009, primarily reflects higher sales recorded in the month of January 2010, as compared to October 2009. The increase in advances to suppliers primarily reflects advances made to Agricola Belher related to the receipt of tomatoes. The increase in inventory is primarily related to an increase in the fresh fruit on hand at January 31, 2010. This was primarily driven by more fruit being delivered for California sourced avocados in the month of January 2010, as compared to October 2009, as well as an increase in the volume of Mexican avocados purchased during our first fiscal quarter of 2010. The increase in accounts payable and accrued expenses is primarily related to an increase in our payables related to tomatoes and Chilean avocados. The decrease in payable to our growers primarily reflects a decrease in California fruit delivered in the month of January 2010, as compared to October 31, 2009. The decrease in income tax receivable relates primarily to income from operations through the three months ended January 31, 2010. The increase in payable to growers primarily relates to more fruit being delivered for California sourced avocados in the month of January 2010, as compared to October 2009.

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Cash used in investing activities was \$1.3 million for the three months ended January 31, 2010 and related principally to the purchase of property, plant and equipment items.

Cash provided by financing activities was \$1.8 million for the three months ended January 31, 2010, which related principally to borrowings on our credit facilities totaling \$9.0 million, partially offset by the payment of our \$7.3 million dividend.

Our principal sources of liquidity are our existing cash balances, cash generated from operations and amounts available for borrowing under our existing credit facilities. Cash and cash equivalents as of January 31, 2010 and October 31, 2009 totaled \$1.0 million and \$0.9 million. Our working capital at January 31, 2010 was \$14.2 million, compared to \$12.6 million at October 31, 2009.

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. Our non-collateralized, revolving credit facilities with Farm Credit West, PCA and Bank of America, N.A. expire in February 2012 and July 2011. 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 \$45 million, with a weighted-average interest rate of 2.1% and 2.4% at January 31, 2010 and October 31, 2009. Under these credit facilities, we had \$21.0 million and \$12.0 million outstanding as January 31, 2010 and October 31, 2009, of which \$6.5 million was classified as a long-term liability as January 31, 2010 and October 31, 2009. These credit facilities contain various financial covenants, the most significant relating to tangible net worth (as defined), and Funded Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (as defined). We were in compliance with all such covenants at January 31, 2010.

Contractual Obligations

There have been no material changes to our contractual commitments from those previously disclosed in our Annual Report on Form 10-K for our fiscal year ended October 31, 2009. For a summary of the contractual commitments at October 31, 2009, see Part II, Item 7, in our 2009 Annual Report on Form 10-K.

Impact of Recently Issued Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments include cash and cash equivalents, accounts receivable, 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 January 31, 2010.

(All amounts in thousands)	Expected maturity date January 31,						Total	Fair Value
	2010	2011	2012	2013	2014	Thereafter		
Assets								
Cash and cash equivalents (1)	\$ 972	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 972	\$ 972
Accounts receivable (1)	29,163	—	—	—	—	—	29,163	29,163
Advances to suppliers (1)	6,152	—	—	—	—	—	6,152	6,152
Liabilities								
Payable to growers (1)	\$ 1,650	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,650	\$ 1,650
Accounts payable (1)	2,446	—	—	—	—	—	2,446	2,446
Current borrowings pursuant to credit facilities (1)	14,570	—	—	—	—	—	14,570	14,570
Long-term borrowings pursuant to credit facilities (2)	—	1,000	5,450	—	—	—	6,450	6,566
Fixed-rate long-term obligations (3)	1,367	1,370	1,373	1,376	1,380	1,942	8,808	9,872

- (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) Long-term borrowings pursuant to our credit facility bears interest at 2.3%. We believe that a portfolio of loans with a similar risk profile would currently yield a return of 1.4%. We project the impact of an increase or decrease in interest rates of 100 basis points would result in a change of fair value by approximately \$178,000.
- (3) Fixed-rate long-term obligations bear interest rates ranging from 4.3% to 6.4% with a weighted-average interest rate of 6.2%. 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 \$327,000.

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

Our Mexican-based operations transact business in Mexican pesos. Funds are transferred by our corporate office to Mexico on a weekly basis to satisfy domestic cash needs. Historically, the consistency of the spot rate for the Mexican peso has led to a small-to-moderate impact on our operating results. Based on the significant decrease in the valuation of the Mexican peso to the U.S. dollar over the past eighteen months, however, we are currently considering the use of derivative instruments to hedge the fluctuation in the Mexican peso in our fiscal 2010. Total foreign currency gains for the three months ended January 31, 2010, and 2009, net of losses, was less than \$0.1 million.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting during the quarter ended January 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 6. EXHIBITS

- 2.1 Asset Purchase and Contribution Agreement dated February 8, 2010 among Calavo Growers, Inc., Calavo Salsa Lisa LLC, Lisa's Salsa Company, Elizabeth Nicholson and Eric Nicholson. (Portions of this agreement have been deleted and filed separately with the Securities and Exchange Commission Pursuant to a request for confidential treatment.)
- 10.1 Amendment No. 3 to Loan Agreement dated February 9, 2010 between Bank of America, N.A. and Calavo Growers, Inc.
- 10.2 Term Revolving Credit Agreement dated April 9, 2008 (effective date May 1, 2008) between Farm Credit West, PCA, and Calavo Growers, Inc.
- 10.3 Amended and Restated Limited Liability Company Agreement for Calavo Salsa Lisa, LLC dated February 8, 2010 among Calavo Growers, Inc., Calavo Salsa Lisa LLC, Lisa's Salsa Company, Elizabeth Nicholson and Eric Nicholson. (Portions of this agreement have been deleted and filed separately with the Securities and Exchange Commission Pursuant to a request for confidential treatment.)
- 31.1 Certification of Chief Executive Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification by Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.

SIGNATURES

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

Calavo Growers, Inc.
(Registrant)

Date: March 11, 2010

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

Date: March 11, 2010

By /s/ Arthur J. Bruno
Arthur J. Bruno
Chief Operating Officer, Chief Financial Officer
and Corporate Secretary
(Principal Financial Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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32.1	Certification by Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.

Text marked by [* * *] has been omitted pursuant to a Request for Confidential Treatment and was filed separately with the Securities and Exchange Commission.

EXECUTION VERSION

ASSET PURCHASE AND CONTRIBUTION AGREEMENT

AMONG

**CALAVO GROWERS, INC.,
a California Corporation,**

**CALAVO SALSA LISA, LLC,
a Delaware limited liability company,**

**LISA'S SALSA COMPANY,
a Minnesota corporation,**

AND

ELIZABETH NICHOLSON AND ERIC NICHOLSON

Dated as of February 8, 2010

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ASSET PURCHASE AND CONTRIBUTION AGREEMENT

THIS ASSET PURCHASE AND CONTRIBUTION AGREEMENT ("Agreement") is entered into as of February 8, 2010, and effective as set forth in Article 6, by and among Calavo Growers, Inc., a California corporation ("Calavo"), Calavo Salsa Lisa, LLC, a Delaware limited liability company ("Purchaser"), Lisa's Salsa Company, a Minnesota corporation ("Company") and Elizabeth Nicholson and Eric Nicholson (the "Shareholders," and together with Company, the "Sellers").

WHEREAS, Company is engaged in the business of producing and distributing salsa and salsa products (the "Business").

WHEREAS, Company desires to sell, transfer and assign to Purchaser, and Purchaser desires to purchase, the Transferred Assets (as defined below) for the consideration and on the terms set forth in this Agreement.

WHEREAS, Calavo owns all of the outstanding equity interests of Purchaser, and the Shareholders own all of the outstanding shares of capital stock of Company.

WHEREAS, the Boards of Directors of Calavo and Company have determined that it is in the best interests of Calavo, Purchaser and Company and their respective shareholders for Purchaser to purchase the Transferred Assets upon the terms and conditions set forth in this Agreement.

WHEREAS, in connection with the purchase and sale of the Transferred Assets, Company desires to contribute to Purchaser, and Purchaser desires to accept from Company, a portion of the goodwill related to the Business, in exchange for 35% of the equity of the Purchaser, in a transaction intended to qualify as a tax-deferred contribution under Section 721 of the Internal Revenue Code.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

"**[***]**" shall have the meaning set forth in Section 3.24.

"Accounts Payable" shall mean trade payables incurred by Company prior to the Closing Date in the ordinary course of business, including but not limited to those set forth on Schedule 1.1.

"Accounts Receivable" shall mean all accounts, notes and other receivables which relate to the Business accrued to Company prior to the Closing Date including but not limited to those set forth on Schedule 1.1.

“Affected Employees” shall have the meaning set forth in Section 5.2.

“Affiliate” means: (a) with respect to a person, any member of such person’s family; (b) with respect to an entity, any officer, director, stockholder, partner or investor of or in such entity or of or in any Affiliate of such entity; and (c) with respect to a person or entity, any person or entity which directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with such person or entity. “Control” means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by agreement or otherwise).

“Agreement” shall have the meaning set forth in the Recitals.

“Ancillary Documents” means any agreement, certificate or other document executed on or prior to Closing in connection with this Agreement.

“Assumed Liabilities” means any liabilities or other obligations under agreements included in the Transferred Assets and effectively assigned to Purchaser that, according to such agreements, relate solely to periods after the Closing Date (but, in each case, specifically excluding any obligation to the extent relating to or arising out of (i) any breach of such agreements occurring prior to the Closing Date or as a result of the Closing, (ii) any violation of law, breach of warranty, tort or infringement or misappropriation occurring prior to the Closing Date or as a result of the Closing; (iii) any product liability, infringement or misappropriation claims with respect to products delivered or manufactured for sale (including works-in-progress) prior to the Closing Date; or (iv) any charge, complaint, Proceeding, investigation, claim or demand relating to subsections (i), (ii) or (iii) above); provided that, without limiting the generality of the foregoing and for the avoidance of doubt, in no event shall Assumed Liabilities include any Retained Liability.

“Base Purchase Price” shall have the meaning set forth in Section 2.3.

“Bill of Sale” shall have the meaning set forth in Section 6.2.

“Business” shall have the meaning set forth in the Recitals.

“Calavo” shall have the meaning set forth in the Recitals.

“Closing” shall have the meaning set forth in Section 6.1.

“Closing A/R Schedule” shall have the meaning set forth in Section 6.2.

“Closing Date” means the date of the Closing.

“Code” means the Internal Revenue Code of 1986, as amended, and all Laws promulgated pursuant thereto or in connection therewith.

“Contribution” shall have the meaning set forth in Section 2.3.

“Common Stock” means shares of common stock of Company.

“Company” shall have the meaning set forth in the Recitals.

“Company’s Closing Documents” shall have the meaning set forth in Section 6.2.

“[***]” shall have the meaning set forth in Section 6.2.

“Disclosure Schedule” shall have the meaning set forth in the introductory paragraph of Article 3.

“Earn Out Fiscal Year” shall have the meaning set forth in Section 2.4.

“Earn Out Payment Milestones” shall have the meaning set forth in Section 2.4.

“Earn Out Payments” shall have the meaning set forth in Section 2.3.

“Employment Agreement” shall have the meaning set forth in Section 5.2.

“Environmental Law” means all federal, state, and local laws, judicial decisions, regulations, ordinances, rules, judgments, orders, and decrees, now or previously in effect and regulating, relating to, or imposing liability or standards of conduct concerning air emissions, water discharges, noise emissions, the release or threatened release of any hazardous material into the environment, the generation, handling, treatment, storage, transport or disposal of any hazardous material, or otherwise concerning pollution or the protection of the outdoor or indoor environment.

“Excluded Assets” means (i) all stock and other ownership interests in Company, (ii) Company’s Organizational Documents, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books and blank stock certificates and other documents relating primarily to the organization, maintenance and existence of Company as a corporation or limited liability company, as applicable (provided that Purchaser shall be entitled to receive a copy of relevant documentation reasonably requested by Purchaser), (iii) all rights of Company or the Shareholders under or pursuant to this Agreement and the Disclosure Schedule, (iv) all contracts and agreements between Company and either or both Shareholders or their Affiliates, (v) any cash in excess of the Transferred Cash, (vi) the desk of Elizabeth Nicholson, (viii) all accounts, notes and other receivables of Company which relate to the Business, including the Accounts Receivable, (ix) all Insurance Policies, including any rights and claims thereunder, (ix) any bank accounts of Company (provided that the retention by Company of such bank accounts shall in no way affect Transferred Cash being considered a Transferred Asset), and (ix) all other assets, agreements and properties of Company specifically listed or described on the attached Schedule 1.1.

“Financial Statements” shall have the meaning set forth in Section 3.10.

“Form 8594” shall have the meaning set forth in Section 2.5.

“GAAP” means United States generally accepted accounting principles, consistently applied.

“Governmental Entity” means any United States government, any state or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, the Securities and Exchange Commission and any state securities commissions.

“Included Products” shall have the meaning set forth in Section 2.4.

“Indebtedness” means any and all of the following Liabilities of Company, whether or not contingent: (i) indebtedness for borrowed money (including any principal, premium, accrued and unpaid interest, related expenses, prepayment penalties, commitment and other fees, sale or liquidity participation amounts, reimbursements, indemnities and all other amounts payable in connection therewith), (ii) Liabilities evidenced by bonds, debentures, notes, or other similar instruments or debt securities, (iii) Liabilities of Company under or in connection with letters of credit or bankers’ acceptances or similar items, (iv) all Liabilities arising from cash/book overdrafts, (v) Liabilities under capitalized leases, (vi) all Liabilities of Company under conditional sale or other title retention agreements, (vii) all Liabilities with respect to vendor advances or any other advances made to Company, (viii) all Liabilities of Company arising from any breach of any of the foregoing, (ix) any prepayment penalties or similar Liabilities associated with the foregoing, (x) Liabilities of Company to either Shareholder or any of their Affiliates, including Promissory Note, dated January 1, 2010, payable to the Shareholders, and (xi) all indebtedness of others guaranteed or secured by any lien or security interest on the assets of Company.

“Insurance Policies” shall have the meaning set forth in Section 3.20.

“Intellectual Property” means all intellectual property of any type or nature of Company, including the rights of Company to the names, terms, trademarks, service marks and/or trade names [***], and any other similar or associated trademarks (whether registered or unregistered), trade names, service names, trade styles, logos and designs, and all prints and labels on which such trademarks, trade names, trade styles and service marks have appeared or appear, and all designs and general intangibles of like nature, now existing or hereafter adopted or acquired, including, without limitation, all designs, logos or word marks that incorporate, constitute or comprise the terms, in the singular or in the plural, [***]; all right, title and interest in the foregoing, all registrations and recordings of the foregoing, including all applications, registrations, and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state, or any foreign country, including any and all goodwill associated therewith (collectively, the “Trademarks”), together with the goodwill of the business in connection with which the Trademarks are used and which are symbolized by the Trademarks, along with the right to recover for damages and profits for past infringements thereof; all right, title and interest in and to all other intellectual property of any type or nature of Company, including all corporate names, trade dress, brands, domain names, including [***], logos, slogans, goodwill, copyrights, trade secrets, including any label descriptions, website descriptions, and sale sheet descriptions used by Company, and all applications and registrations with respect to any of the foregoing, and all continuations, continuations-in-part, reissues, re-examinations, extensions and renewals thereof.

“IRS” means the United States Internal Revenue Service.

“Knowledge” means with respect to any person that is an entity, the knowledge of the executive officers and directors of such person, after reasonable and due inquiry or based upon the current books and records of such person; provided, that with respect to the Company, Knowledge means to the knowledge of Elizabeth Nicholson, after reasonable and due inquiry or based upon the current books and records of the Company and that with respect to the Purchaser, Knowledge means to the knowledge of Michael Lippold, after reasonable and due inquiry based upon the current books and records of Purchaser.

“Laws” means all foreign, federal, state and local statutes, laws, ordinances, regulations, rules, resolutions, orders, determinations, writs, injunctions, awards, judgments and decrees applicable to the specified persons or entities.

“Lease” means that certain Lease Agreement, dated June 16, 2006, between Company and Marsden Investment, LLC, as amended.

“Lease Assignment Consent” shall have the meaning set forth in Section 6.2.

“Liabilities” means all Indebtedness, obligations, losses, damages, costs, expenses and other liabilities, whether absolute, accrued, matured, contingent, known or unknown, fixed or otherwise.

“Limited Liability Company Agreement” means the amended and restated limited liability company agreement of Purchaser, which shall be substantially in the form and substance of Exhibit A attached hereto.

“Losses” shall have the meaning set forth in Section 8.2.

“Net Sales” shall have the meaning set forth in Section 2.4.

“Material Adverse Effect” and “Material Adverse Change” mean (i) any effect on, or change in, the business of the given person or other event, fact or circumstance that (alone or in the aggregate) is or that a reasonable person would believe would be expected to be materially adverse to the business, operations, properties, assets or condition (financial or otherwise) of the person, or (ii) an event, fact or circumstance that has or would have a significant likelihood of a material adverse effect on the ability of the person to perform its obligations under this Agreement and/or the Ancillary Documents.

“Membership Interests” mean membership interests of Purchaser, as defined in the Limited Liability Company Agreement.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Entity or by any arbitrator.

“Organizational Documents” means (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the articles or certificate of formation and limited liability company agreement of a limited liability company; (c) any charter or similar document adopted or filed in

connection with the creation, formation, or organization of a person; and (d) any amendment to any of the foregoing.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity, court, or arbitrator.

“Product” shall have the meaning set forth in Section 3.24.

“Purchase Price” shall have the meaning set forth in Section 2.3.

“Purchaser” shall have the meaning set forth in the Recitals.

“Purchaser’s Closing Documents” shall have the meaning set forth in Section 6.3.

“Recipe Information” means [***].

“Retained Liabilities” means (i) Indebtedness, (ii) Accounts Payable, (iii) expenses of Company (with respect to expenses incurred by or on behalf of Company or the Shareholders) incident to this Agreement and the transactions contemplated hereunder including all legal, accounting and investment banking fees and disbursements and any sale, success, transaction or similar bonuses paid or payable to employees or consultants of Company in connection with the transactions contemplated by this Agreement, (iv) any obligation to the extent relating to or arising as a result of (A) any breach of an agreement of Company occurring prior to the Closing Date or as a result of the Closing, (B) any violation of law, breach of warranty, tort or infringement or misappropriation occurring prior to the Closing Date or as a result of the Closing; (C) any product liability, infringement or misappropriation claims with respect to products delivered or manufactured for sale (including works-in-progress) prior to the Closing Date, or (D) any litigation, arbitration, charge, complaint, Proceeding, investigation, claim or demand (including, without limitation, any claims and legal proceedings that are listed on a schedule to this Agreement), whether brought before or after the Closing, that is based upon or arises out of any actions or omissions made or taken by the Company or either Shareholder prior to the Closing, (v) any liability of Company for Taxes, and (vi) any other obligations and other Liabilities of Company or either Shareholder, other than those specifically included as Assumed Liabilities.

“SBA Lender” means Park Midway Bank.

“SBA Loan” means any loans to Company pursuant to that certain Note, dated January 9, 2001, between Company and the SBA Lender.

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

“Securities Laws” means, collectively, the Securities Act, the Securities Exchange Act of 1934, the Advisors Act, the Investment Company Act or any rules or regulations promulgated by a self-regulatory organization and all state securities laws, as amended, and the rules and regulations thereunder.

“Shareholders” shall have the meaning set forth in the Recitals.

“Tax Returns” means all returns, declarations, reports, claims for refund, or information returns or statements relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Taxes” means all federal, state, local and foreign taxes and installments of estimated taxes, assessments, deficiencies, levies, imports, duties, license fees, registration fees, withholdings, or other similar charges of every kind, character or description imposed by any governmental or quasi-Governmental Entities, and any interest, penalties or additions to tax imposed thereon or in connection therewith.

“Transferred Assets” has the meaning set forth in Section 2.1.

“Transferred Cash” has the meaning set forth in Section 2.1.

“Transfer Taxes” means all sales, use, transfer, recording, ad valorem and other similar Taxes and fees.

“TroyGould” shall have the meaning set forth in Section 9.12.

“WARN Acts” means, collectively, the Worker Adjustment and Retraining Notification Act of 1988 and any similar or comparable state law.

ARTICLE 2
PURCHASE OF THE TRANSFERRED ASSETS; PURCHASE PRICE

2.1 Sale and Purchase of Assets. Upon the terms and subject to the conditions set forth in this Agreement, and in reliance upon the representations, warranties, covenants and agreements contained herein, Company hereby sells, assigns, transfers, conveys and delivers to Purchaser, and Purchaser hereby purchases, acquires, accepts and takes possession of, all of Company’s right, title and interest in and to the Transferred Assets, free and clear of any and all liens, security interests or other claims or encumbrances. The “Transferred Assets” shall mean all of Company’ right, title and interest in the assets, property, goodwill, and business of every kind, nature and description, real, personal or mixed, tangible or intangible, choate or inchoate, wherever situated, whether or not reflected in the Financial Statements, existing on the date hereof, owned, leased, licensed or otherwise used or occupied by Company including, without limitation, the following:

(a) Real Property. All leasehold interests in real estate, buildings and improvements thereon, and easements, rights of way and other rights appurtenant thereto, which relate to the Business, including but not limited to the Lease;

(b) Tangible Personal Property. All (i) inventory; (ii) equipment and machinery, including repair parts, tools, and miscellaneous property; (iii) automobiles, trucks, and other vehicles; and (iv) office furniture, fixtures, computers and other office equipment and supplies, which relate to the Business, including but not limited to the property set forth on

Schedule 2.1(b) attached hereto; provided, however, that Elizabeth Nicholson's desk is not being acquired by Purchaser and shall constitute an Excluded Asset;

(c) Contracts. All contracts, commitments, agreements, leases, arrangements, undertakings and licenses, whether oral or written, which relate to the Business or the Transferred Assets, other than contracts listed as Excluded Assets, including but not limited to those set forth on Schedule 2.1(c) attached hereto; provided, however, that any contracts, commitments, agreements, leases, arrangements, undertakings or licenses between Company and either or both Shareholders or their Affiliates are not being acquired by Purchaser and shall constitute Excluded Assets;

(d) Intellectual Property. All Intellectual Property that relates to the Business or the Transferred Assets, including the Company's rights, title, and interest in and to the names, terms, trademarks, tradenames and or service marks [***] and all rights and interests in the domain name [***];

(e) Third-Party Claims. All rights and claims of the Company, whether mature, contingent or otherwise, against third parties relating to the Transferred Assets or the Business, whether in tort, contract or otherwise, including, without limitation, causes of action, unliquidated rights and claims under or pursuant to all warranties, representations and guarantees made by manufacturers, suppliers or vendors, but specifically excluding any rights and claims of the Company relating to the Excluded Assets and Retained Liabilities.

(f) Permits and Licenses. To the extent that they are transferable, all permits, approvals, orders, authorizations, consents, licenses, certificates, franchises, exemptions of, or filings or registrations with, any court or regulatory authority in any jurisdiction, which have been issued or granted to, or are owned or used by, the Company, in connection with the Business or ownership of the Transferred Assets, and all pending applications therefore;

(g) Cash. Cash in an amount of at least \$49,258.08 (the "Transferred Cash");

(h) Files and Records. All of the Company's business and other books, papers, logs, ledgers, files, records, customer lists, advertising and promotional materials, catalogues and price lists, which relate to the Business or the Transferred Assets, and all computerized or electronically stored versions thereof; and

(i) Goodwill. All good will and going concern value relating to the Business and the Transferred Assets;

but excluding the Excluded Assets. Company shall not sell, assign, transfer, convey or deliver to Purchaser, and Purchaser shall not purchase, acquire, accept, or take possession of any of the Excluded Assets.

2.2 Liabilities. In connection with the sale, transfer, conveyance, assignment and delivery of the Transferred Assets pursuant to this Agreement, Purchaser hereby assumes and becomes liable for the Assumed Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume by virtue of this Agreement or the transactions contemplated hereby, and shall have no liability for, any Retained Liabilities. Company remains liable for all Retained Liabilities.

2.3 Purchase Price. The aggregate purchase price payable by Purchaser for the Transferred Assets (the "Purchase Price") is:

(1) The base purchase price (the "Base Purchase Price"), payable by wire transfer concurrently with the execution hereof, as follows: (a) to Company, \$143,777.32; and (b) to the SBA Lender, an amount, not to exceed \$256,222.68, equal to the amount necessary to repay in full all principal, accrued interest and other amounts owed on the SBA Loan on the Closing Date; plus

(2) A Membership Interest representing 35% of the Membership Interests (as defined in the Limited Liability Company Agreement) of Purchaser, issuable to Company in exchange for a portion of the Company's goodwill, valued at \$53,846.15 (the "Contribution"); plus

(3) Earn-out payments (the "Earn Out Payments") calculated and paid in the manner, and subject to the terms and conditions, described in Section 2.4.

2.4 Earn Out Payments.

(a) Based upon the performance of Purchaser during each of its first seven fiscal years ending after the Closing, beginning with the fiscal year ending October 31, 2010 and concluding with the fiscal year ending October 31, 2016 (each such fiscal year, an "Earn Out Fiscal Year"), Company shall be entitled to receive Earn Out Payments from Purchaser up to an aggregate amount of \$3,000,000, calculated and paid as follows ("Earn Out Payment Milestones"):

(1) The first Earn Out Fiscal Year, if any, in which Purchaser achieves Net Sales (defined below) in excess of \$30,000,000, Company shall be entitled to payment in an amount of \$1,000,000;

(2) The first Earn Out Fiscal Year, if any, in which Purchaser achieves Net Sales in excess of \$40,000,000, Company shall be entitled to payment in an amount of \$1,000,000; and

(3) The first Earn Out Fiscal Year, if any, in which Purchaser achieves Net Sales in excess of \$50,000,000, Company shall be entitled to payment in an amount of \$1,000,000.

(b) For purposes of this Section 2.4, Net Sales shall only include Net Sales during the applicable Earn Out Fiscal Year, and shall not be aggregated with any other period or Earn Out Fiscal Year.

(c) [Omitted]

(d) More than one of the Earn Out Payment Milestones may be met in a particular Earn Out Fiscal Year, but an Earn Out Payment shall only be made once per Earn Out Payment Milestone, and in no event shall more than an aggregate of \$3,000,000 in Earn Out Payments be made. For example, if in each Earn Out Fiscal Year prior to the Earn Out Fiscal

Years ending in October 31, 2012, Purchaser has Net Sales of less than \$30,000,000, and then for the Earn Out Fiscal Year ending October 31, 2013, Purchaser has Net Sales of \$43,000,000, Company would be entitled to Earn Out Payments of \$2,000,000 for the Earn Out Fiscal Year ended October 31, 2013, because it is the first Earn Out Fiscal Year in which Purchaser achieved Net Sales in excess of \$30,000,000, and the first Earn Out Fiscal Year in which Purchaser achieved Net Sales in excess of \$40,000,000. If then in the Earn Out Fiscal Year ending October 31, 2014, Purchaser has Net Sales of \$53,000,000, Company would be entitled to an Earn Out Payment of an additional \$1,000,000, because it is the first year in which Purchaser achieved Net Sales in excess of \$50,000,000, but Company had already received Earn Out Payments for the Earn Out Payment Milestones pursuant to subsection (a)(1) and (a)(2).

(e) "Net Sales" shall be determined by Purchaser (in consultation with Calavo) in accordance with the accounting principles used by Calavo in determining its Net Sales reported in its audited financial statements for the applicable fiscal year, including GAAP, provided however that, for purposes of this Section:

(1) the amount of Net Sales shall be adjusted such that the amount of Net Sales is increased to cancel out any Service Payments (as defined in the Limited Liability Company Agreement) made to Calavo pursuant to the Limited Liability Company Agreement (for example, if Net Sales (["**"]) generated by Purchaser after payment of the Service Payments of ["**"] of Net Sales equals ["**"] in revenues, Net Sales for purposes of this Section shall equal ["**"]); and

(2) Net Sales will only include Net Sales generated by Purchaser, Calavo or any of their respective affiliates from ["**"].

(f) Subject to Section 7.6, any Earn Out Payments shall be paid no later than 30 days after the filing of Calavo's Annual Report on Form 10-K with the Securities and Exchange Commission for the Earn Out Fiscal Year at issue (but in any event not later than 90 days after the end of the Earn Out Fiscal Year at issue). Purchaser's Executive Committee shall send notice of the calculation of the Net Sales within 10 days of the filing of such annual report. In the event that Purchaser is merged into Calavo or into any subsidiary of Calavo at any time prior to the last day of the last Earn Out Fiscal Year, Calavo shall account for Purchaser as a separate profit and accounting unit in order to permit calculation of the Earn Out Milestones. Sellers will have the right to inspect the books and records of Purchaser and, if applicable, Calavo, for purposes of reviewing the calculations of Net Sales for purposes of the Earn Out Payment, provided that Sellers shall maintain the confidentiality of all confidential information about Purchaser or Calavo that they acquire in connection with their investigation in accordance with the confidentiality provisions set forth in this Agreement and the Limited Liability Company Agreement.

(g) Calavo guarantees to Company the timely performance of Purchaser's obligations under this Section 2.4. Without limiting the generality of the foregoing, in the event Purchaser fails to make any payment under this Section 2.4, Calavo will make such payment to Company within three business days after the date Purchaser was required to make the payment. In the event that Purchaser is liquidated or that Purchaser is merged into Calavo, Calavo shall be

obligated to perform Purchaser's obligations under this Section 2.4. The obligations set forth in this Section 2.4 shall continue regardless of whether or not LSC (or any Permitted Transferees, as defined in the Limited Liability Company Agreement) continue to be a member of Purchaser, or continues to hold a Member Interest of Purchaser.

(h) As of the date of this Agreement, Purchaser's fiscal year ends on October 31; Purchaser promptly shall notify the Sellers if Purchaser subsequently changes its fiscal year, and Purchaser and Sellers will work in good faith to amend the time periods in this Section 2.4 to correspond with Purchaser's new fiscal year while preserving the intent of the parties with respect to the Earn Out Payments.

2.5 Allocation of Purchase Price.

(a) The Sellers understand and acknowledge that Purchaser is currently undertaking an appraisal of the value of the Transferred Assets. Purchaser and Sellers shall allocate the Purchase Price in accordance with Code Section 1060 among the Transferred Assets, taking into consideration the results of such appraisal. The Contribution of the Company to Purchaser will be reported as a transaction under Section 721 of the Code for Tax purposes.

(b) Purchaser shall prepare an IRS Form 8594, Asset Acquisition Statement Under Section 1060 ("Form 8594"), for each of Purchaser and the Sellers, that is consistent with the allocation of the Purchase Price described in this Section 2.5 and subject to review and approval by Sellers, which approval shall not be unreasonably withheld. The Sellers shall timely file their Form 8594 within ten days after Purchaser requests that they make such filing. If required by applicable law, Purchaser shall also prepare and file amendments to Form 8594 for each of Purchaser and the Sellers, subject to review and approval of Sellers, not to be unreasonably withheld, after the exact amount of the Earn Out Payments has been determined and, within ten days after receiving Purchaser's request, the Sellers shall execute and file each such amended Form 8594.

(c) Purchaser, Company, and the Shareholders agree to be bound by the allocation of the Purchase Price described in this Section 2.5 in the preparation, filing, and audit of all tax returns, and each party agrees that (if required by applicable law) it shall file the Form 8594 with its Tax Return for the taxable year that includes the Closing Date and, if required by applicable law, each party shall file an amended Form 8594 consistent with the allocation principles described in this Section 2.5 with respect to the allocation of the Earn-Out Payments after the exact amount of the Earn-Out Payments has been determined.

2.6 Power of Attorney. Company hereby constitutes and appoints Purchaser, its successors and assigns, the true and lawful attorneys of Company with full power of substitution, in Company's name and stead, but on behalf and for the benefit of Purchaser, its successors and assigns: (a) to collect, demand and receive any and all of the Transferred Assets transferred hereunder and to give receipts and releases for and in respect of the same; (b) to institute and prosecute in Company's names, or otherwise, for the benefit of Purchaser, any and all actions, suits or proceedings, at law, in equity or otherwise, which Purchaser may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Transferred Assets, to defend or compromise any and all such actions, suits or proceedings in respect of any of the

Transferred Assets, and to do all such acts and things in relation thereto as Purchaser shall deem advisable for the collection or reduction to possession of any of the Transferred Assets; and (c) to take any and all other reasonable action designed to vest more fully in Purchaser the Transferred Assets in order to provide for Purchaser the benefit, use, enjoyment and possession of such the Transferred Assets. Company acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable by it or upon its subsequent dissolution or in any manner or for any reason. Purchaser shall be entitled to retain for their own account any amounts collected pursuant to the foregoing powers, including any amounts payable as interest with respect thereto.

2.7 Post-Closing Accounts Receivable. Within five (5) business days after the end of each of the first six months after the Closing Date, starting February 28, 2010 and ending August 30, 2010, Company shall deliver to Purchaser, (a) payment in an amount equal to (i) the Accounts Receivable for which payment was received during the preceding month (or with regards to February 28, 2010, Accounts Receivable for which payment was received during the time period between the Closing Date and February 28, 2010), less (ii) the Accounts Payable paid during the preceding month (or with regards to February 28, 2010, Accounts Payable paid during the time period between the Closing Date and February 28, 2010), and (b) a list setting forth the Accounts Receivable received during such period and the Accounts Payable paid during such period, certified by an officer of Company. In the event that Accounts Payable exceed Accounts Receivable for the given period, no payment shall be owing by Company to Purchaser and the amount of any future payments pursuant to this Section shall be reduced by the amount of such excess Accounts Payable (For example, if Accounts Payable for the period ending April 30, 2010, exceeded the Accounts Receivable for the period ending April 30, 2010 by \$1,000, and the Accounts Receivable for the period ending May 31, 2010, exceeded the Accounts Payable for the period ending May 31, 2010 by \$3,000, Company would only owe \$2,000 (\$3,000-\$1,000) for the period ending May 31, 2010). Company and the Shareholders hereby represent and covenant that all Accounts Receivable will be received by Company, and all Accounts Payable will be paid by Company, in the ordinary course of business in accordance with past practices. Purchaser and Calavo and its authorized representatives shall have full access to the premises and the books, records, agreements, and other documents of Company during all reasonable hours, and Purchaser and Calavo shall each be furnished with copies of all such books, records, agreements, and other documents as may be reasonably requested by it in order to verify the payments to be made pursuant to this Section 2.7; provided that Purchaser and Calavo shall reimburse Company for any expenses reasonably related thereto.

2.8 Transferred Assets Cooperation. At the Closing, Purchaser will acquire hereunder, and thereafter Purchaser or its designee shall have the right and authority to collect for Purchaser's or its designee's account, all items which constitute a part of the Transferred Assets, other than as set forth in Section 2.7. Sellers shall promptly transfer or deliver to Purchaser or its designee any cash or other property that Seller may receive in respect of any deposit, prepaid expense, claim, contract, license, lease, commitment, sales order, or purchase order, of any character, or any other item constituting a part of the Transferred Assets. After the Closing Date, the Sellers shall permit Purchaser to endorse with the name of Company for deposit in the Purchaser's account any checks or drafts received in payment thereof. After the Closing Date, the Sellers hereby agree to cooperate with Purchaser to notify any and all account debtors, suppliers, distributors, or other parties related to the Business regarding the transfer of the Business to Purchaser. If Company or the Shareholders are contacted by any actual or

potential customers of Purchaser, Company and/or the Shareholders shall refer any and all such customers to Purchaser. All payments and reimbursements made by any third party in the name of or to Company in connection with or arising out of the Transferred Assets in respect of any period on or after the Closing Date shall be paid over to Purchaser without right of set off as soon as practicable.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF
COMPANY AND THE SHAREHOLDERS

Except as otherwise specifically described in the disclosure schedule (the “Disclosure Schedule”) delivered to Purchaser and Calavo by the Sellers concurrently with, or prior to, the execution and delivery of this Agreement, Sellers jointly and severally represent and warrant to Purchaser and Calavo that the following representations and warranties (in addition to any representations and warranties made by any of them elsewhere in this Agreement) are accurate and complete as of the date of this Agreement:

3.1 Organization and Good Standing of Company. Company is a corporation duly incorporated and organized, validly existing, and in good standing under the laws of the State of Minnesota. Company is duly qualified and licensed to do its business and is in good standing in each jurisdiction in which the business transacted by it or the nature or location of its assets makes such qualification or licensing necessary except where the failure to be so qualified or licensed or in good standing would not have a Material Adverse Effect. The Sellers have delivered to Purchaser and Calavo an accurate and complete copy, as amended to date, of the Articles of Incorporation and Bylaws of Company.

3.2 Capitalization of Company.

(a) The Shareholders jointly own 79,000 shares of Common Stock of Company. Such shares of Common Stock constitute all of the issued and outstanding capital stock of Company, and there are no outstanding options, warrants, contracts, subscriptions, commitments, or other rights of any character which may entitle any person to acquire any of the issued or unissued capital stock of Company.

(b) The Shareholders have good, lawful, and marketable title to, and record and beneficial ownership of, all of the issued and outstanding shares of the outstanding capital stock of Company. All such outstanding shares have been duly authorized, are fully paid and non-assessable, and were validly issued in compliance with all applicable statutes, regulations, and other laws. Each Shareholder owns his or her shares of the outstanding Common Stock of Company free and clear of all liens, security agreements, shareholders’ agreements, voting trust agreements, and other claims and encumbrances.

3.3 Corporate Powers. Company has and holds the right and power, and all licenses, permits, authorizations, and approvals (governmental or otherwise), necessary to entitle it to use its name, to own and operate its properties and assets, and to carry on its business.

3.4 Authority of Company and Shareholders. Company and each Shareholder has the full right, power, and authority to execute and deliver this Agreement and to consummate the

transactions contemplated hereby. All acts and other proceedings required to be taken by Company and each Shareholder in order to enable such person to carry out this Agreement and the transactions contemplated hereby have been taken.

3.5 Binding Effect. This Agreement has been duly executed and delivered by Company and each Shareholder and (together with any agreements or instruments to be executed and delivered at the Closing by any such person) constitutes a legal, valid and binding obligation of each such person, enforceable in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws from time to time in effect which affect creditors' rights generally, or (b) legal and equitable limitations on the availability of specific remedies.

3.6 No Breach. Except as set forth on Schedule 3.6/3.7, neither the execution and delivery of this Agreement nor the consummation of any transaction contemplated hereby will, with or without notice or the passage of time, (1) violate any Laws or Order applicable to Company or either Shareholder, (2) result in the breach of, cause an acceleration of the obligations under, permit the termination of, or otherwise constitute a default under, any corporate charter, bylaw, limited liability company operating agreement, lease, license, loan agreement, promissory note, deed of trust, mortgage, or other instrument, undertaking, commitment, or agreement to which Company or either Shareholder is a party or is otherwise subject, (3) result in the creation of any lien or other encumbrance upon any of Company's assets, or (4) have a material adverse effect on the business or results of operations of Company.

3.7 Consents. Except as set forth on Schedule 3.6/3.7, neither the execution and delivery of this Agreement nor the consummation of any transaction contemplated hereby requires Company or either Shareholder to obtain any consent, permit, or approval, or to make any filing or registration, under any Laws or Order applicable to Company or either Shareholder or under any corporate charter, bylaw, limited liability operating agreement, lease, license, loan agreement, promissory note, deed of trust, mortgage, or other instrument, undertaking, commitment, or agreement to which Company or either Shareholder is a party or is otherwise subject.

3.8 Subsidiaries and Other Equity Investments. Company does not, directly or indirectly, own any stock or other equity interest in any corporation, partnership, joint venture, trust, association, or other entity or business venture, and Company is not a party to any agreement or commitment to acquire any such equity interest.

3.9 Interests of Owners of Company. Neither Shareholder nor any of his or her Affiliates (1) has any direct or indirect ownership interest in any supplier, customer, lessor, sublessor, or other person or entity which does business with Company or (2) has any direct or indirect ownership interest in any assets or properties of Company (other than solely by reason of such person's ownership of Common Stock). The business of Company has been conducted only through Company.

3.10 Financial Statements. Company and Shareholders have provided Purchaser with an accurate and complete copy of the balance sheet of Company as of December 31, 2009 and the related statements of income for each of the years in the two-year period ended December 31,

2009 (the “Financial Statements”). The Financial Statements fairly present the financial position of Company as of the respective dates of the balance sheets included in those Financial Statements and the Company’s transactions and results of Company’s operations (including liabilities) for the specified periods indicated therein. Except as otherwise expressly described in Schedule 3.10, the Financial Statements were prepared on a basis consistent with Company’s past practices.

3.11 Undisclosed Liabilities. Except as set forth on Schedule 3.11, as of the respective dates of the balance sheets that are contained in the Financial Statements, Company had no Liability of any nature (whether fixed, accrued, contingent, or otherwise) that was not fully reflected and reserved against in the Financial Statements as required to be set forth in the Financial Statements prepared using the methodology set forth in the Financial Statements that is of a nature required by GAAP to be reserved against or reflected therein.

3.12 Absence of Certain Changes. Since December 31, 2008:

(a) Company has not incurred any Liabilities of any nature (whether fixed, accrued, contingent, or otherwise), except Liabilities incurred in the ordinary course of business;

(b) There has been no Material Adverse Change in the assets, Liabilities, or financial condition of Company;

(c) There has been no Material Adverse Change in the business prospects of Company;

(d) Company has not entered into (or agreed to enter into) any leases, loan agreements, or other agreements, except in the ordinary course of business;

(e) Company has not amended or modified Company’s Organizational Documents;

(f) Other than [***], Company has not entered into, amended, terminated, or received notice of termination of any license, distributorship, dealer, sales representative, joint venture, or credit contract or agreement, other than in the ordinary course of business;

(g) Company has not terminated or waived any right of substantial value;

(h) Company has not purchased or otherwise acquired or sold, mortgaged, pledged, leased, or otherwise disposed of any of its assets (or agreed to take any of such actions), except in the ordinary course of business;

(i) Company has not paid any dividends, or made any other distributions, to the Shareholders or any former holders of Common Stock;

(j) There has been no material damage, destruction, or other casualty loss with respect to property owned or leased by Company (whether or not covered by insurance); and

(k) The business of Company in all other respects has been conducted only in its ordinary course.

3.13 Internal Control Over Financial Reporting. Company makes and keeps books, records and accounts that, in reasonable detail, accurately and fairly reflect Company's transactions and dispositions of assets. The present system of internal accounting controls of Company, which will be maintained pending the Closing Date, reasonably assures that transactions are recorded as necessary (i) to permit the preparation of financial statements on a basis consistent with past practices, (ii) to fairly present the financial condition and results of operations of Company, and (iii) to maintain accountability for assets. Company has not used any improper accounting practices to incorrectly reflect or not reflect any of its assets, liabilities, revenues or expenses.

3.14 Receivables. Except as set forth on Schedule 3.14, the Accounts Receivable of Company are reflected properly on its books and records and are valid receivables subject to no setoffs or counterclaims, and all such Accounts Receivable that exist as of the date hereof are reflected properly on Company's books and records and will constitute valid receivables subject to no setoffs or counterclaims. Except as set forth on Schedule 3.14, all such receivables described in the preceding sentence have been or will be collected in the ordinary course of business at their recorded amounts. The aggregate amount of Accounts Receivable as of the date hereof is \$122,874.43.

3.15 Payables. The Accounts Payable of Company are reflected properly on Company's books and records and are valid Accounts Payable incurred and payable in the ordinary course of business and no Accounts Payable are past due. The aggregate amount of Accounts Payable as of the date hereof is \$48,685.02.

3.16 Real Property.

(a) Company does not own, directly or indirectly, any real property, and Company does not occupy any real property other than as the lessee or sublessee thereof.

(b) The Lease is the only lease or sublease of real property to which Company is a party. An accurate and complete copy of the Lease has been delivered to Purchaser and Calavo by the Sellers. With respect to the Lease: (1) the Lease is in full force and effect and is valid, binding, and enforceable, and the tenant or subtenant to the lease or sublease is entitled to quiet possession thereunder; (2) all rent and all other amounts owing under the lease or sublease are fully paid; (3) Company has not assigned to any other person any of its right, title, and interest in and to the lease or sublease; (4) Company has not violated any applicable statutes, rules, or regulations (including, without limitation, zoning, land use, and Environmental Laws) in connection with its use of the property covered by the lease or sublease; and (5) Company is not a party to any disputes regarding the lease or sublease.

3.17 Leases of Personal Property.

(a) Company does not lease or sublease any personal property to any other person.

(b) Schedule 3.17 describes each lease or sublease by which Company leases or subleases personal property from another person. With respect to each such lease and sublease: (1) the lease or sublease is in full force and effect and is valid, binding, and enforceable, and Company is entitled to possession of the personal property thereunder; (2) all rent and all other amounts owing under the lease or sublease are fully paid; (3) Company has not assigned to any other person any of its right, title, and interest in and to the lease or sublease; (4) Company has not violated any applicable Laws (including, without limitation, zoning, land use, and Environmental Laws) in connection with its use of the property covered by the lease or sublease; and (5) Company is not a party to any disputes regarding the lease or sublease.

3.18 Ownership and Use of Assets. Except as set forth on Schedule 3.18, Company is the lawful owner, lessee, sublessee or licensee of each of the assets that is used in its business. Company owns, leases, subleases or licenses such assets free and clear of all liens, security interests, or other claims or encumbrances, except as otherwise described in this Agreement or related to the SBA Loans. Except as set forth on Schedule 3.18, all such assets that consist of machinery, equipment, motor vehicles, or other tangible personal property or fixtures are free of material defects, are commercially usable and are in good operating condition and repair, ordinary wear and tear excepted.

3.19 [Omitted].

3.20 Insurance. Schedule 3.20 describes all insurance policies that are currently maintained by Company, listing the insurer, the type and period of coverage, the scope and amount of coverage, and deductible amounts ("Insurance Policies"). Each insurance policy is in full force and effect, and Company is not in default of its obligations under the policy.

3.21 Guarantees. Company has not guaranteed the liabilities or obligations of any other person.

3.22 Loan Agreements. Schedule 3.22 describes every loan or credit agreement, promissory note, letter of credit, or other borrowing arrangement under which Company currently has borrowed any money, or is entitled to borrow, including the SBA Loan, and lists the outstanding principal and accrued interest thereunder. Company has not made any outstanding loan to any person who is an officer, director or shareholder of Company.

3.23 Supplier and Customer Relationships. Schedule 3.23 lists (1) the top ten suppliers of products to Company for the year ended December 31, 2009 and (2) the top eight customers of Company for the year ended December 31, 2009. No such supplier or customer within the past twelve months has notified the Company of the termination of its business relationship with Company, and to the Knowledge of Company, no such supplier or customer has terminated or threatened to terminate its business relationship with Company. Neither Company nor the Shareholder has received written or oral notice that any supplier or customer of Company intends to terminate its business relationship with Company prior to or after the Closing Date.

3.24 [*]**

3.25 [*]**

3.26 Inventory. With the exception of certain caps not used with the Company's current products, the Company's inventories are of good, usable and merchantable quality in all material respects, and (a) all of Company's inventories are recorded on the Financial Statements at the lower of cost or market value and (b) no write-down in inventory (as a result of the inventory not being good, useable and of merchantable quality) has been made or should have been made during the past two years.

3.27 Other Agreements. In addition to agreements that are described in the Disclosure Schedule pursuant to any other section of this Article 3, Schedule 3.27 describes each of the following agreements (written or oral) to which Company is a party or is otherwise bound: (1) each agreement involving total payments by Company over its term of more than \$10,000; (2) each agreement under which the consequences of a default would have a Material Adverse Effect on Company; (3) each agreement with a term of over one year unless the agreement is terminable without penalty by Company on no more than thirty days' notice; (4) each agreement relating to the distribution, sales representation or licensing of the products of Company, (5) each agreement which prohibits Company from freely engaging in business anywhere in the United States and (6) each agreement not entered into by Company in the ordinary course of business.

3.28 Absence of Defaults. With respect to each lease, sublease, license, loan agreement, promissory note, deed of trust, mortgage, supply agreement, sales agreement, and other agreement to which Company is a party or is otherwise subject: (1) Company is not in default or breach of its obligations thereunder; and (2) no claim of default or breach has been made against Company thereunder, and no event has occurred which, with the passage of time or the giving of notice, will result in the occurrence of a default or breach by Company. To the Knowledge of Company, no other party is in breach or default and no event has occurred which with notice or lapse of time would constitute a breach or default by such party, or permit termination, modification or acceleration under such agreement.

3.29 Litigation. There is no litigation, arbitration, investigation, tax audit, or other claim or proceeding pending or, to the Knowledge of the Shareholders, threatened against Company. Company is not in default under any Order to which it is bound or otherwise subject. The Shareholders are not aware of any audit, investigation, review, or other inquiry (or proposed audit, investigation, review, or inquiry) by any Governmental Entity regarding any assets or business of Company, and neither Shareholder is aware of the existence of any dispute or potential dispute with any Governmental Entity regarding any aspect of the assets or business of Company.

3.30 Compliance with Laws. Company is in compliance with all applicable Laws pertaining to its assets or the operation of its business. No claim has been made to Company by any Governmental Entity (and no such claim is anticipated) to the effect that the business conducted by Company fails to comply with any Law or that a license, permit, certificate, or authorization (which has not promptly thereafter been obtained) is required with respect to the operation of such business.

3.31 Environmental Matters. Company is conducting and has at all times conducted its business and operations (including, without limitation, its use and occupancy of the real property that it owns, leases, or subleases) in material compliance with all Environmental Laws.

Company has not received any written notice of claims or actions pending or threatened against it by any Governmental Entity or any other person relating to a violation or an alleged violation of any Environmental Laws, and there is no basis for any such claim or action.

3.32 Proprietary Information.

(a) To the Knowledge of the Sellers: (1) there are no assignments, licenses, or sublicenses with respect to any of the Intellectual Property; (2) there are no pending or threatened claims by any person with respect to the use by Company of the Intellectual Property; (3) no Shareholder or employee of Company has an ownership interest in any of the Intellectual Property; and (4) the Intellectual Property does not infringe on the rights of any other person. Company is the registered owner of the [***], and otherwise owns or possesses adequate rights to use [***] used by it in connection with its Business as currently conducted, in each case, free and clear of all liens, security interests, or other claims or encumbrances (other than the SBA Loan). As to all other Intellectual Property, to the Knowledge of Sellers, all such Intellectual Property is free and clear of all liens, security interests, or other claims or encumbrances (other than the SBA Loan).

(b) [***]

3.33 Tax Matters.

(a) Company has filed, on a timely basis, all Tax Returns and all required reports and estimates for all years and periods for which such Tax Returns, reports and estimates were due, and all such returns, reports and estimates were prepared in the manner required by applicable law. Each such Tax Return and/or report properly reflected, and did not understate, the income, the taxable income, and the liability for Taxes and Transfer Taxes of Company in the relevant taxation period covered by the Tax Return or report. Company has paid in full all Taxes and Transfer Taxes that are (or were) due and payable by it. Except as set forth on Schedule 3.33, Company has not ever received written notice from any Governmental Entity in a jurisdiction where it does not currently file Tax Returns or reports to the effect that it is or may be subject to taxation by that jurisdiction.

(b) Company has withheld amounts from its employees in compliance with the Tax withholding provisions of applicable law. Company has filed all Tax Returns and reports for all years and periods for which any such Tax Returns and reports were due with respect to employee income Tax withholding and social security and unemployment Taxes, and all such Tax Returns and reports were prepared in the manner required by applicable law. All payments due from Company as shown on such Tax Returns and reports on account of employee income Tax withholding or social security and unemployment Taxes have been paid.

(c) Each Shareholder has filed, on a timely basis, all Tax Returns, reports and estimates for all years and periods for which such Tax Returns, reports and estimates were due with respect to income or other distributions received by such person from Company, and all such returns and estimates were prepared in the manner required by applicable law. Each such Tax Return properly reflected, and did not understate, the income, the taxable income, and the liability for Taxes and Transfer Taxes of such Shareholder with respect to the operations of

Company, as applicable, in the relevant taxation period covered by the Tax Return or report. Each Shareholder has paid in full all Taxes and Transfer Taxes that are (or were) due and payable by such person with respect to the operations of Company. No Shareholder has ever received written notice from any Governmental Entity in a jurisdiction where such person does not currently file Tax Returns or reports to the effect that such person is or may be subject to taxation by that jurisdiction arising out of the operations of Company.

(d) Company has been a validly electing S corporation within the meaning of Code Sections 1361 and 1362 at all times during its existence, and Company will be an S corporation up to and including the Closing Date. During the past ten years, Company has not (1) acquired assets from another corporation in a transaction in which Company's Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor or (2) acquired the stock of any corporation that is a qualified subchapter S subsidiary.

3.34 Employees.

(a) None of the employees of Company is represented by a labor union or is covered by a collective bargaining, union, or similar agreement. To the Knowledge of Company, there are no controversies, grievances, or complaints pending or threatened between Company and any of its employees or current or threatened work stoppages, strikes, or other labor actions.

(b) Company is in compliance with all applicable Laws, including immigration laws and requirements regarding Form I-9 compliance, and Orders respecting employment and employment practices and the terms and conditions of employment and wages and hours. To the Knowledge of Company, no current or former employee of Company has ever been exposed to radiation at hazardous levels, or to any other dangerous condition, hazardous substance, or hazardous emission at the Company's facility in St. Paul.

(c) Schedule 3.34 lists each director, officer, and employee for Company. Except as described in Schedule 3.34: (1) Company has not entered into any employment or severance agreement with any of its directors, officers, or employees; (2) Company has not entered into any agreement with any officer or employee prohibiting or restricting the termination of his or her employment; (3) Company is not subject to any pension plan, retirement plan, profit sharing plan, stock option plan, deferred compensation plan, or other employee benefit plan; (4) no current officer or employee of Company will be entitled to any severance payments upon his or her termination of employment, and no such former officer or employee currently is receiving such severance payments; and (5) no director, officer, or employee of Company is entitled to receive a bonus or other compensation payment based upon the completion of the transactions contemplated by this Agreement.

3.35 Finders and Brokers. No person has acted as a finder, broker, or other intermediary on behalf of Company or either Shareholder in connection with this Agreement or the transactions contemplated hereby, and no person is entitled to any broker's or finder's fee or similar fee with respect to this Agreement or such transactions as a result of actions taken by Company or either Shareholder.

3.36 Accuracy and Completeness. No representation or warranty of Company or either Shareholder contained in this Agreement, in the Disclosure Schedule, or in any other schedule, exhibit, agreement, or document delivered pursuant to this Agreement fraudulently contains, or will fraudulently contain, any untrue statement of a material fact or fraudulently omits, or will fraudulently omit, to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they are made, not misleading. Company and the Shareholders have delivered to Purchaser and Calavo an accurate and complete copy of each agreement and other document (as fully amended) that is described in or referred to in the Disclosure Schedule.

3.37 Securities Laws.

(a) The Membership Interests that are allocable to Company are being acquired for Company's own account and not with a view to the public distribution of any of the Membership Interests. Company will not sell, hypothecate or otherwise transfer any of the Membership Interests except in accordance with applicable federal and state securities laws.

(b) Company and each Shareholder understand that the offering and sale of the Membership Interests pursuant to this Agreement are intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and Regulation D under the Securities Act.

(c) Company and each Shareholder understand that: (i) the Membership Interests have not been registered or qualified under the Securities Act or the securities laws of California, Minnesota or any other state, and neither the Securities and Exchange Commission nor any state or other regulatory authority has made any recommendation or finding concerning the value of the Membership Interests; (ii) there is no assurance that Company will be able to sell the Membership Interests at a purchase price that Company deems reasonable; (iii) the Membership Interests may be offered, sold or otherwise transferred by Company only if the transaction is registered and qualified under the applicable provisions of federal and state securities laws or if exemptions from such registration and qualification are available; (iv) the satisfaction of these securities registration exemptions is Company's responsibility; and (v) neither Purchaser nor Calavo is under any obligation to assist Company in satisfying these exemptions, and neither Purchaser nor Calavo intends to register any subsequent transaction by Company under applicable federal and state securities laws.

(d) No oral or written representations or recommendations have been made, and no oral or written information has been furnished, to Company or the Shareholders regarding the advisability of acquiring the Membership Interests. Purchaser has provided Company and each Shareholder (including their professional advisors, if any) with a sufficient opportunity to ask questions and receive answers concerning the terms and conditions of the issuance of the Membership Interests and to obtain any additional information which Calavo or Purchaser possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of the information that is contained in the documents described in the immediately preceding paragraph.

(e) Company and each Shareholder have such knowledge and experience in financial and business matters that Company and each Shareholder are capable of evaluating the merits and risks of an investment in Purchaser and of making an informed investment decision. Company and each of the Shareholders are “accredited investors” as defined in Rule 501 of the Securities Act.

3.38 No Other Representations. Except for the representations and warranties expressly set forth in this Agreement and the Disclosure Schedule, neither Sellers nor any other Person makes any other express or implied representation or warranty on behalf of any of the Sellers, Company, or otherwise, in each case in respect of the Business, Company, Company’s assets and liabilities or otherwise.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Calavo and Purchaser jointly and severally represent and warrant to Company and the Shareholders that the following representations and warranties (in addition to any representations and warranties made by Calavo or Purchaser elsewhere in this Agreement) are accurate and complete as of the date of this Agreement:

4.1 Organization and Good Standing. Calavo is a corporation duly incorporated and organized, validly existing, and in good standing under the laws of the State of California. Purchaser is a limited liability company duly formed and organized, validly existing, and in good standing under the laws of the State of Delaware. Calavo is the sole owner and member of Purchaser.

4.2 Corporate Powers. Each of Calavo and Purchaser has and holds the right and power, and all licenses, permits, authorizations, and approvals (governmental or otherwise), necessary to entitle it to use its corporate name, to own and operate its properties, and to carry on its business as such business exists as of the date hereof.

4.3 Authority. Each of Calavo and Purchaser has the full right, power, and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. All acts and other proceedings required to be taken by each of Calavo and Purchaser in order to enable it to carry out this Agreement and the transactions contemplated hereby have been taken.

4.4 Binding Effect. This Agreement has been duly executed and delivered by each of Calavo and Purchaser and (together with any agreements and instruments to be executed and delivered by each of Calavo and Purchaser at the Closing) constitutes its legal, valid, and binding obligation, enforceable in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws from time to time in effect which affect creditors’ rights generally, or (b) legal and equitable limitations on the availability of specific remedies.

4.5 Issuance of Membership Interests to Company. The Membership Interests to be issued by Purchaser to Company at the Closing, when issued in accordance with the terms of this Agreement, will be duly authorized, fully paid and nonassessable.

4.6 No Breach. Neither the execution and delivery of this Agreement nor the consummation of any transaction contemplated hereby will, with or without notice or the passage of time, (1) violate any Laws or Order applicable to either Calavo or Purchaser, (2) result in the breach of, cause an acceleration of the obligations under, permit the termination of, or otherwise constitute a default under, any corporate charter, bylaw, lease, license, loan agreement, promissory note, deed of trust, mortgage, or other instrument, undertaking, commitment, or agreement to which Calavo or Purchaser currently is subject, or (3) result in the creation of any lien or other encumbrance upon any of Calavo or Purchaser's assets.

4.7 Consents. Neither the execution and delivery of this Agreement nor the consummation of any transaction contemplated hereby requires Calavo or Purchaser to obtain any consent, permit, or approval, or to make any filing or registration, under any Laws or Order applicable to Calavo or Purchaser or under any corporate charter, bylaw, lease, license, loan agreement, promissory note, deed of trust, mortgage, or other instrument, undertaking, commitment, or agreement to which Calavo or Purchaser currently is a party or is otherwise subject.

4.8 Finders and Brokers. There is no investment banker, broker, finder, or other intermediary retained by Calavo or Purchaser who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement and for which Company or the Shareholders would be responsible.

4.9 Accuracy and Completeness. No representation or warranty of Calavo or Purchaser contained in this Agreement or in any schedule, exhibit, agreement, or document delivered pursuant to this Agreement fraudulently contains, or will fraudulently contain, any untrue statement of a material fact or fraudulently omits, or will fraudulently omit, to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

4.10 Nonreliance. Except as set forth in this Agreement and the Disclosure Schedule, there are no representations or warranties, between Calavo, Purchaser and the Sellers with regards to the Transferred Assets or the Business, Company, Company's assets and liabilities or otherwise except as specifically set forth herein and therein, and neither Calavo nor Purchaser have relied or are relying on any other representation or warranty in entering into and completing the transactions contemplated in this Agreement.

4.11 Orders, Actions or Agreements Affecting the Ability of the Company to Operate. There is no (a) Order against the Purchaser or any of its Affiliates or any material portion of their respective properties or assets, which have or could have a material adverse effect on the ability of Purchaser to operate its Business after the Closing Date; (b) demand, claim, suit, audit, investigation, notice of violation or non-compliance, action, arbitration or legal, administrative or other proceeding (including appeals) (an "Action") pending or, to the Knowledge of Purchaser, threatened against the Purchaser or any of its Affiliates or any material portion of its properties or assets, which have or could have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated hereby or the Company to operate its Business after the Closing; or (c) agreement to which the Purchaser or any of its

Affiliates are a party that will restrict the ability of the Company to operate its Business after the Closing. The Purchaser does not know of any valid basis for any such Order or Action.

ARTICLE 5
MISCELLANEOUS AGREEMENTS OF THE PARTIES

5.1 Consents from Third Parties; Governmental Filings; Cooperation; Estoppel Letters.

(a) After the Closing, the Shareholders, with the cooperation of Purchaser, shall use their commercially reasonable efforts to obtain all consents, permits, and approvals from lessors, lenders, Governmental Entities, and other third parties that Purchaser or Calavo determines are required in order to prevent Purchaser's acquisition of the Transferred Assets from (1) violating any Laws or Orders applicable to Purchaser, Company, or the Shareholders or (2) resulting in the breach of, default under, or acceleration of the obligations under, any lease, loan agreement, license, deed of trust, mortgage, or other agreement to which any of Company or the Shareholders is a party or is otherwise subject.

(b) After the Closing, Purchaser, Calavo and Sellers shall cooperate in complying fully and on a timely basis with any and all filings with Governmental Entities that are required as a result of this Agreement and the consummation of the transactions contemplated by this Agreement.

(c) After the Closing, each party to this Agreement shall promptly notify the other parties to this Agreement upon learning that (1) any third party has alleged that its consent is required in connection with the transactions contemplated by this Agreement or (2) a claim or legal proceeding is pending or threatened before any Governmental Entity that presents a substantial risk of the restraint or rescission of the transactions contemplated by this Agreement.

5.2 Agreements Regarding Employees After the Closing.

(a) Purchaser agrees to enter into and to deliver at the Closing to Shareholder Elizabeth Nicholson an agreement (the "Employment Agreement") providing for her employment with Purchaser after the Closing in substantially the form of Exhibit B attached hereto, and Ms. Nicholson agrees to execute said Employment Agreement.

(b) Purchaser and Calavo understand and acknowledge that Company will terminate, effective immediately prior to the Closing, the employment of all of its employees employed at or in connection with the Business (collectively, the "Affected Employees"), and provided that Purchaser hires all such Affected Employees as set forth in this Section 5.2, Company is not required to take any action pursuant to, or is otherwise subject to, the WARN Act.

(c) Purchaser will offer employment following the Closing Date to such Affected Employees at wage rates consistent with those in place at the time of Closing, provided however that as a condition to such employment (i) such Affected Employee must execute and deliver to Purchaser a Code of Business Conduct and Ethics Agreement, substantially in the form attached hereto as Exhibit C, and (ii) such Affected Employee must be a U.S. citizen or

otherwise a lawful resident of the United States. Such Affected Employees who accept such employment will be employed in accordance with the standard employee policies and practices of Purchaser, but nothing contained in this Section 5.2 shall be deemed to create an employment contract between the Purchaser or Calavo and any such personnel. Any Affected Employee that becomes an employee of Purchaser following the Closing shall be subject to all rules, regulations, requirements and policies applicable to all new hires of Purchaser. Notwithstanding anything to the contrary contained in this Agreement, all such Affected Employees shall be employees at will and nothing expressed or implied in this Agreement will obligate Purchaser or Calavo to provide continued employment to any such Affected Employee for any specific period of time following the Closing Date.

5.3 Cooperation on Tax Matters. Company and the Shareholders shall be responsible for paying any and all Taxes that are incurred as a result of the transfer of the Transferred Assets to Purchaser.

5.4 Lease Assumption. Purchaser agrees that effective upon Closing, it shall assume the performance of the covenants, restrictions and obligations of Company under the Lease, but only with respect to the period subsequent to the Closing Date.

5.5 Further Assurance; Post-Closing Cooperation. All transactions at the Closing shall be deemed to have taken place simultaneously. At the Closing, and from time to time after the Closing Date, Company and the Shareholders will execute and deliver such bills of sale and such other and further instruments of conveyance, assignment, transfer and consent as Purchaser, Calavo or its counsel may reasonably request to effect the conveyance and transfer of the Transferred Assets to Purchaser, and Company will assist Purchaser in the collection and reduction to the Purchaser's possession of the Transferred Assets. Following the Closing, each of Company and the Purchaser will afford the other party, its counsel and its accountants, during normal business hours, reasonable access to the books, records and other data relating to the Business in its possession with respect to periods prior to the Closing and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party in connection with (a) the preparation of Tax Returns, (b) the determination or enforcement of rights and obligations under this Agreement, (c) compliance with the requirements of any Governmental Entity, (d) the determination or enforcement of the rights and obligations of any indemnified party, or (e) in connection with any actual or threatened action or proceeding involving the Transferred Assets, the Assumed Liabilities or this Agreement or the transactions contemplated hereby.

ARTICLE 6

CLOSING

6.1 Time, Place, and Date. Closing of the purchase and sale contemplated by this Agreement (the "Closing"), subject to the other provisions of this Article VI, shall occur concurrently with effectiveness of this Agreement, at the offices of TroyGould PC, 1801 Century Park East, Suite 1600, Los Angeles, CA 90067, or at such other place and in such other manner (including by facsimile or e-mail transmission of signature pages) as shall be agreed upon by Purchaser, Calavo and the Sellers.

6.2 Conditions Precedent to Obligations of Purchaser. The effectiveness of this Agreement is subject to the fulfillment and satisfaction of each of the following conditions and this Agreement shall not be considered effective unless or until all such conditions are fulfilled, or the waiver in writing by Purchaser of any such condition which is not fulfilled:

(a) [***]

(b) Employees. Purchaser and Calavo shall be satisfied, in their sole and absolute discretion, that certain current employees of Company (as determined by Purchaser and Calavo) are willing to become the employees of Purchaser on reasonably similar terms and conditions as their employment with Company.

(c) Consents. All registrations, filings, applications, notices, consents, orders, approvals, qualifications or waivers listed in Schedule 3.7, including the consent to the assignment of the Lease (the "Lease Assignment Consent"), shall have been filed, made or obtained and all waiting periods specified by law with respect thereto shall have expired or been terminated.

(d) [***]. The Amendment to the [***] shall not have been amended or terminated.

(e) Documents. Concurrently with the execution and delivery of this agreement, Company and the Shareholders, as applicable, shall have executed and delivered to Purchaser and Calavo the following, in form and substance reasonably acceptable to Purchaser and Calavo (the "Company's Closing Documents"), and, where applicable, such Company Closing Documents shall be deemed effective concurrently with the effectiveness of this Agreement:

(1) A bill of sale, assignment and assumption agreement (the "Bill of Sale");

(2) An assignment of all Intellectual Property included in the Transferred Assets, including any trademarks, executed by Company or the other persons designated therein, in the form attached hereto as Exhibit D, for purposes of filing with the United States Patent and Trademark Office;

(3) A certificate executed by an officer of Company including (i) a complete and accurate list of all Accounts Receivable and Accounts Payable as of the Closing Date, which list sets forth the aging of such Accounts Receivables (the "Closing A/R Schedule"), and (ii) a statement of income for the period between December 31, 2009 and a date within 7 days of the Closing Date, both certified by such officer as having been prepared in accordance with and applied on a basis consistent with Company's past practices;

(4) A good standing certificate for Company as of a date not more than 7 days prior to the Closing Date, issued by the Secretary of State of Minnesota;

(5) The Employment Agreement, executed by Lisa Nicholson;

(6) The Limited Liability Company Agreement, executed by Company and the Shareholders;

(7) Evidence satisfactory to Purchaser and Calavo, in the sole and absolute discretion of Purchaser and Calavo, that the SBA Loan has been paid in full and that any security interests in the Transferred Assets have been terminated and released;

(8) A copy of a fully executed and authorized amendment to the Articles of Incorporation of Company, changing the name of Company from Lisa's Salsa Company, for Purchaser to file with the Secretary of State of the State of Minnesota; and

(9) Such other documents as Purchaser and Calavo may reasonably request.

6.3 Conditions Precedent to Obligations of Company and Sellers. The effectiveness of this Agreement is subject to the fulfillment and satisfaction of each of the following conditions, and this Agreement shall not be considered effective unless or until all such conditions are fulfilled, or the waiver in writing by Company of any such condition which is not fulfilled:

(a) Documents at Closing. Concurrently with the execution and delivery of this agreement, Purchaser and Calavo, as applicable, shall have executed and delivered to the Sellers the following, in form and substance reasonably acceptable to Company and the Shareholders (the "Purchaser's Closing Documents"), and, where applicable, such Purchaser's Closing Documents shall be deemed effective concurrently with the effectiveness of this Agreement:

(1) The Base Purchase Price by wire transfer in accordance with Section 2.3;

(2) A Bill of Sale, executed by Purchaser;

(3) The Employment Agreement, executed by Purchaser;

(4) The Lease Assignment Consent executed by Purchaser, if applicable; and

(5) The Limited Liability Company Agreement, executed by Purchaser and Calavo.

ARTICLE 7

POST-CLOSING CONFIDENTIALITY AND NON-COMPETITION COVENANTS

7.1 Confidentiality. Neither Company nor either Shareholder shall at any time after the Closing use or disclose to any person, directly or indirectly, any confidential information concerning the business of Purchaser or Company, including, without limitation, [***] or any other business secret, trade secret, financial information, proprietary software, internal

procedure, business plan, marketing plan, pricing strategy or policy, supplier list, or customer list, except to the extent that such use or disclosure is (x) necessary to the performance of the Shareholder's employment with Purchaser during the period that he or she is so employed, (y) required by an order of a court of competent jurisdiction (provided that the Shareholder must promptly give Purchaser written notice of such order), or (z) authorized in writing by the Chief Executive Officer or Chief Financial Officer of Purchaser. The prohibition that is contained in the preceding sentence shall not apply to any information that is disclosed to the public by Purchaser or Calavo or that otherwise becomes generally available to the public other than through a disclosure by a Shareholder, Company or by a person acting in concert with such person. The confidentiality covenant of Section 7.1 shall terminate immediately in the event Sellers purchase Calavo's entire interest in Purchaser pursuant to the Limited Liability Company Agreement.

7.2 Non-Competition and Unfair Competition Covenant. To provide Purchaser the full value of its acquisition of the Transferred Assets, and as a material inducement to Purchaser and Calavo to enter into this Agreement and to consummate the transactions contemplated hereby, Company and each Shareholder agree to refrain from competing with Purchaser to the extent provided in this Article 7. Without the prior written consent of Purchaser, neither Company nor either Shareholder shall, at any time during the period described in Section 7.3, directly or indirectly (whether as owner, principal, agent, partner, officer, employee, independent contractor, consultant, or otherwise) and whether or not for compensation:

(a) Solicit for the purpose of hiring, or cause any person to solicit for the purpose of hiring, any officer or employee of Purchaser; or

(b) Compete with (or have any ownership interest in any corporation, limited liability company, partnership, or other entity that competes with) the Business that is conducted by Purchaser (either as it exists on the date hereof or as developed between the date hereof and the date on which Company is no longer owns equity interests in Purchaser) (1) in any county, city, or other geographic area in the United States (including, without limitation, each county in the States of California and Minnesota) or foreign country in which Company has conducted its business prior to the date of this Agreement so long as Purchaser carries on such business or a similar business in such place or places, or (2) in any other domestic or foreign geographic area in which Purchaser subsequently conducts the Business during the time that either Elizabeth or Eric Nicholson, or any of their Affiliates, owns equity interests in Purchaser; provided, however, that the provisions of this Section 7.2 shall not be construed as prohibiting Company or any Shareholder from acquiring and passively owning up to one percent of the outstanding securities of any corporation whose common shares are traded on a national securities exchange.

7.3 Duration. With respect to each of Elizabeth Nicholson, Eric Nicholson and Company, the non-competition and unfair competition covenant of Section 7.2 shall be effective for a period beginning on the Closing Date and ending on the fifth anniversary of the date on which neither Company nor either Elizabeth or Eric Nicholson, nor any of their Affiliates, owns equity interests in Purchaser. The non-competition and unfair competition covenant of Section 7.2 shall terminate immediately in the event Sellers purchase Calavo's entire interest in Purchaser pursuant to the Limited Liability Company Agreement.

7.4 Scope and Reasonableness. Purchaser, Company and the Shareholders agree that it is not their intention to violate any public policy or statutory or common law. The parties intend that the non-competition and unfair competition covenant contained in Sections 7.2 and 7.3 shall be construed as a series of separate covenants by Company and each of the Shareholders, one for each area included in the geographical scope described in Section 7.2 and for each year (or portion thereof) described in Section 7.3. Except for geographical coverage and duration, each such covenant of Company and each Shareholder shall contain all of the terms of the covenants of this Article 7. If any arbitrator or court of competent jurisdiction refuses to enforce any covenant contained in this Article 7, then such unenforceable covenant shall be deemed to have been deleted from this Agreement to the extent necessary to permit the remaining separate covenants to be enforceable. Company and each Shareholder has considered the nature and extent of the restrictions upon competition set forth in this Article 7 and agrees that they are reasonable with respect to duration and geographical scope and in all other respects. Company and each Shareholder agrees that the preceding restrictions on such Person's activities are necessary, appropriate and reasonable to protect the goodwill, confidential information, trade secrets and other legitimate interests of Purchaser from unfair and inappropriate competition and to obtain the benefit of the bargain set forth in this Agreement as specifically negotiated by the parties hereto.

7.5 Name Change. Promptly following the Closing, Company shall change its corporate name so as not to include the name [***] or any derivation thereof or of any of the other Intellectual Property included in the Transferred Assets, and Company hereby authorizes Purchaser to file the Amendment to the Certificate of Incorporation delivered to Purchaser pursuant to Section 6.2 with the Secretary of State of the State of Minnesota any time after the Closing. From and after the Closing, Company, the Shareholders and their respective employees, agents, representatives and affiliates shall cease to use any such Intellectual Property (or any variation thereof) for any purpose other than for the benefit of Purchaser or Calavo, which for purposes of this Agreement shall include the collection and deposit of the Accounts Receivable.

7.6 Purchaser's Remedies. Company and each Shareholder agree that the provisions of this Article 7 are reasonable and necessary to protect the legitimate business interests of Purchaser. If Company or a Shareholder breaches any of the provisions of Section 7.1 or 7.2, Purchaser may, among other remedies, withhold any Earn-Out Payments that are otherwise owed to Company under this Agreement, up to the amount of Purchaser's actual monetary damages, unless and until a final determination is made by a court or arbiter of competent jurisdiction that Company and the Shareholders have not breached Section 7.1 or 7.2 in a manner causing actual monetary damages; provided, that any such withholding must be made in good faith, and if the Earn-Out Payments are withheld and the claim for breach of this

provision is later determined to be invalid or the withholding exceeded the actual monetary damages, Purchaser will promptly pay the amount of the withheld Earn Out Payment plus 10% interest from the date the Earn Out Payment was due to the date paid. Notwithstanding the foregoing, in no event shall withholdings by Purchaser from the Earn-Out Payment be deemed an acknowledgement by Purchaser, Company or the Shareholders that damages or the withholding of payment is an adequate remedy for the breach of the provision of this Section 7.1 or 7.2. Company and each Shareholder agrees and acknowledges that damages and such termination of payments would be an inadequate remedy for his or her breach of any of the provisions of Section 7.1 or 7.2, and that his or her breach of any of such provisions will result in immeasurable and irreparable harm to Purchaser. Therefore, in addition to any other remedy to which Purchaser or Calavo may be entitled by reason of Company's or the Shareholder's breach of any such provision, Purchaser or Calavo shall be entitled to seek and obtain temporary, preliminary, and permanent injunctive relief from any court of competent jurisdiction restraining Company or the Shareholder from committing or continuing any breach of any provision of Section 7.1 or 7.2.

7.7 Venue. For purposes of injunctive relief, Company and each Shareholder agree to submit to the jurisdiction of the courts located in the jurisdiction or jurisdictions where it is alleged that Purchaser is at the time being damaged by an alleged breach or violation of the provisions of this Article 7.

ARTICLE 8 **INDEMNIFICATION**

8.1 Survival of Representations, Warranties, and Agreements.

(a) Except as otherwise described in this Section 8.1(a), all representations and warranties of the parties that are contained in this Agreement shall survive the Closing Date for a period of eighteen months, and any claim for indemnification pursuant to Section 8.2(a) or 8.3(a) that is based upon the alleged breach of a representation or warranty must be brought not later than eighteen months after the Closing Date. Notwithstanding the foregoing:

(1) Representations and warranties that are made fraudulently (as defined under common law) by a party shall survive forever;

(2) Company's and the Shareholders' representations and warranties that are contained in the following sections of this Agreement shall survive forever: Sections 3.1 (Organization and Good Standing of Company), 3.2 (Capitalization of Company), 3.4 (Authority of Company and the Shareholders), 3.5 (Binding Effect), 3.18 (Ownership), 3.29 (Litigation), and 3.35 (Finders and Brokers);

(3) Company's and the Shareholders' representations and warranties that are contained in the following sections of this Agreement shall survive for three years: 3.31 (Environmental Matters) and 3.34 (a) and (c) (Employees);

(4) Company's and Shareholders' representations and warranties that are contained in Section 3.32 (Proprietary Information) shall survive for two years; and

(5) Company's and the Shareholders' representations and warranties that are contained in the following sections of this Agreement shall survive for the applicable statute of limitations: 3.33 (Tax Matters) and 3.34(b)(Employees); and

(6) Purchaser's representations and warranties that are contained in the following sections of this Agreement shall survive forever: Sections 4.1 (Organization and Good Standing), 4.2 (Corporate Powers), 4.3 (Authority), 4.4 (Binding Effect), 4.8 (Finders and Brokers) and 4.11 (Orders, Actions).

(b) A claim with respect to a breach of a representation or a warranty shall not be foreclosed if the maker of such claim shall have made such claim in writing to the other party prior to the expiration of the survival period described in Section 8.1(a).

(c) All agreements of the parties made in this Agreement to perform obligations before, at, or after the Closing shall survive forever except for those agreements, that, by their terms, contemplate a shorter survival period. All representations, warranties, and agreements of the parties that are contained in the Disclosure Schedule or in any exhibit or other schedule to this Agreement or in any other agreement or document that is delivered pursuant to this Agreement shall be deemed to be contained in this Agreement.

8.2 Indemnification by Company and the Shareholders. Subject to the provisions of this Article 8, Company and the Shareholders jointly and severally shall indemnify, defend, and hold harmless Calavo, Purchaser and each of their respective directors, officers, managers, stockholders, members, employees, agents, successors, Affiliates and assigns (other than Company, the Shareholders, and their Affiliates) from and against any and all losses, damages, obligations, liabilities, and other costs and expenses, including, without limitation, settlement costs, judgments, interest, penalties and reasonable attorneys' fees, accountants' fees, and other costs and expenses for investigating or defending any actions, claims, and proceedings (all of the foregoing being collectively referred to herein as "Losses") that they may incur based upon, arising out of, relating to, or resulting from:

(a) Any breach of any representation or warranty of Company or either Shareholder made in this Agreement (including any schedule delivered pursuant to this Agreement);

(b) Any breach of, or failure to perform, any agreement of Company or either Shareholder that is contained in this Agreement (including any schedule delivered pursuant to this Agreement); or

(c) Any Retained Liability of Company.

8.3 Indemnification by Purchaser. Subject to the provisions of this Article 8, Purchaser and Calavo shall jointly and severally indemnify, defend, and hold harmless Company and the Shareholders from and against any and all Losses that Company and the Shareholders may incur based upon, arising out of, relating to, or resulting from:

(a) Any breach of any representation or warranty of Purchaser or Calavo made in this Agreement (including any schedule delivered pursuant to this Agreement); or

(b) Any breach of, or failure to perform, any agreement of Purchaser or Calavo that is contained in this Agreement (including any schedule delivered pursuant to this Agreement); or

(c) Assumed Liabilities (excluding, however, any and all Losses relating to Assumed Liabilities if and to the extent that such Losses (i) are borne on a pro rata basis by Calavo and the Sellers by reason of their Membership Interests in Purchaser and (ii) do not result from any breach of any representation or warranty of Purchaser or Calavo made in this Agreement, including any schedule delivered pursuant to this Agreement, or from any breach of, or failure to perform, any agreement of Purchaser or Calavo that is contained in this Agreement, including any schedule delivered pursuant to this Agreement).

8.4 Notice of Claims; Contest of Claims.

(a) If any indemnified party believes that it has incurred any Losses, or if any claim or legal proceeding is instituted by a third party with respect to which any indemnified party intends to claim any Losses under this Article 8, the indemnified party shall notify the indemnifying party. The notice shall describe the Losses, the amount of the Losses, if known, and the method of computation of the Losses, all with reasonable particularity and shall contain a reference to the provisions of this Agreement in respect of which the Losses shall have been incurred; and, in the case of a claim or legal proceeding by a third party, shall include a copy of all documents received by the indemnified party in connection therewith and any other information known to the indemnified party with respect to the claim or legal proceeding. The notice shall be given promptly after the indemnified party becomes aware of each such Loss, claim, or legal proceeding, but failure to give such prompt notice shall not affect an indemnifying party's obligations hereunder except to the extent (if any) that the indemnifying party has suffered Losses as a result of such notification failure.

(b) With respect to any indemnification notice that does not involve a claim or legal proceeding by a third party, the indemnifying party shall, within thirty days after receipt of such notice of Losses, pay or cause to be paid to the indemnified party the amount of Losses incurred by the indemnified party and described in the notice, subject to Section 8.4(c). With respect to an indemnification notice that involves a claim or legal proceeding by a third party, the indemnifying party shall, within thirty days after receipt of such notice, notify the indemnified party if it elects to conduct and control the defense of the claim or legal proceeding. If the indemnifying party does not so notify the indemnified party of its election to conduct and control the defense of the claim or legal proceeding, the indemnified party shall have the right to defend, contest, settle, or compromise the claim or legal proceeding, and the indemnifying party shall, within thirty days after receipt of notice from the indemnified party, pay to the indemnified party the amount of any Losses resulting from the indemnified party's liability to the third-party claimant, subject to Section 8.4(c).

(c) The indemnifying party shall notify the indemnified party within thirty (30) days following its receipt of such notice if the indemnifying party disputes its liability to the indemnified party under this Agreement or the amount of the Losses. If the indemnifying party does not so notify the indemnified party, the claim specified by the indemnified party in such notice shall be conclusively deemed to be a liability of the indemnifying party under this

Agreement, and the indemnifying party shall pay the amount of such liability to the indemnified party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined. If any dispute arises pursuant this Section 8.4, the indemnifying party and the indemnified party shall meet within 10 days of the indemnifying party's delivery of the notice of such dispute. If they cannot resolve the dispute within 30 days, the indemnifying party and the indemnified party shall resolve such dispute in accordance with Sections 9.13 and 9.14.

(d) Subject to the provisions of Section 8.4(b) and 8.4(c) and the limitations in this Agreement, the indemnifying party shall have the right to undertake, conduct, and control, through counsel of its own choosing (if such counsel is reasonably acceptable to the indemnified party) and at the sole expense of the indemnifying party, the defense of a claim or legal proceeding brought by a third party. At the expense and request of the indemnifying party, the indemnified party shall cooperate in connection with such defense; the indemnified party shall otherwise be entitled to participate in (but not control) the defense of the claim or legal proceeding at its own expense. So long as the indemnifying party is defending the claim or legal proceeding in good faith and on a reasonable basis, and so long as the indemnified party does not incur any Losses by reason of the defense of the claim or legal proceeding, the indemnified party shall not pay or settle the claim or legal proceeding. Notwithstanding the foregoing, the indemnified party shall have the right to pay or settle the claim or legal proceeding at any time, provided that in such event the indemnified party shall waive any right to indemnity therefor by the indemnifying party. The indemnifying party shall not settle the claim or legal proceeding without the written consent of the indemnified party, which shall not be unreasonably withheld; provided, however, that the indemnified party shall not be required to give its consent unless the third-party claimant delivers to the indemnified party an unconditional release of all liability with respect to the claim or legal proceeding.

8.5 Additional Indemnification Limitations.

(a) The maximum aggregate indemnification obligation of Company and the Shareholders pursuant to Section 8.2(a), which maximum amount shall be the obligation of each of Company, Elizabeth Nicholson and Eric Nicholson jointly and severally, shall not exceed the sum of the amount of the Purchase Price, including the aggregate amount of Earn-Out Payments that actually become due and owing to which such persons are entitled, plus the amount of any distributions received by Company from Purchaser pursuant to Section 5.6 of the Limited Liability Company Agreement prior to the two year anniversary of the date hereof, which distributions shall not be deemed to include payments made to Elizabeth Nicholson pursuant to the Employment Agreement or payments made as "Tax Distributions" pursuant to Section 5.5 of the Limited Liability Company Agreement. The maximum aggregate indemnification obligation of Purchaser and Calavo pursuant to Section 8.3(a) shall not exceed the amount of the Purchase Price, including the aggregate amount of Earn-Out Payments that actually become due and owing to which Company becomes entitled, plus the amount of any distributions received by Calavo from Purchaser pursuant to Section 5.6 of the Limited Liability Company Agreement prior to the two year anniversary of the date hereof, which distributions shall not be deemed to include payments made to Calavo as payments for services or payments made as "Tax Distributions" pursuant to Section 5.5 of the Limited Liability Company Agreement; provided,

however, that the maximum aggregate indemnification obligation of Purchaser and Calavo with respect to Losses incurred by Company and the Shareholders as a result of Purchaser's or Calavo's breach of Section 4.11 (Orders, Actions or Agreements Affecting the Ability of the Company to Operate) shall be Eight Million Dollars (\$8,000,000).

(b) No claims shall be made by Purchaser or Calavo for indemnification from Company or the Shareholders pursuant to Section 8.2(a) unless and until the aggregate amount of the Losses incurred by Purchaser and/or Calavo in the aggregate exceeds \$50,000, in which event Company and the Shareholder shall become liable only for Losses in excess of \$50,000.

(c) The indemnification limitations described in Section 8.5(b) shall not apply to a claim that is made under Section 8.2(b) based upon an alleged breach of, or failure to perform, any agreement of Company or either Shareholder, or under Section 8.2(c).

(d) The amount of any recovery by an indemnified party pursuant to this Article 8 shall be net of any insurance proceeds recoverable by the indemnified party (but not to the extent that such proceeds are repaid by the indemnified party through increased insurance premiums) and net of any tax benefits as part of determining Losses. Any indemnification payment made pursuant to this Agreement shall be treated by the parties to this Agreement as an adjustment to the Purchase Price for Tax purposes.

(e) This Article 8 of this Agreement sets forth the sole and exclusive remedies of Purchaser and Calavo, on the one hand, and of Sellers, on the other hand, for monetary damages after the Closing arising out of a breach of this Agreement by the other party or parties. Nothing herein restricts or prevents the right of any party to pursue causes of action for which equitable relief is sought.

(f) If Purchaser or Calavo becomes entitled to receive an indemnification payment under the terms of this Article 8, Purchaser shall have the right to apply any unpaid Earn Out Payments that are otherwise payable to Company pursuant to Section 2.4 above as an offset against, and in full or partial satisfaction of, the amounts that are owed to Purchaser or Calavo pursuant to the indemnification provisions of this Article 8; provided, that any such offset must be based on a good faith estimate of the amount of Losses by Purchaser, and if the Earn-Out Payments are offset and the indemnification claim is later determined to be invalid, Purchaser will promptly pay the amount of offset Earn Out Payment plus 10% interest from the date the Earn Out Payment was due to the date paid. However, the amount or duration of the indemnification obligations pursuant to this Article 8 shall not be limited to the Earn Out Payments.

ARTICLE 9

GENERAL PROVISIONS

9.1 Notices. All notices and other communications required or permitted by this Agreement to be given by one party to another party shall be delivered in writing, by registered or certified United States mail (postage prepaid and return receipt requested), by reputable overnight delivery service, or by facsimile transmission, and addressed as follows:

Calavo:

Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
Attention: Chief Financial Officer

Purchaser:

c/o Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
Attention: Chief Financial Officer

Company:

Lisa's Salsa Company
2124 University Avenue W
St. Paul, Minnesota 55114

Shareholders:

Lisa and Eric Nicholson
[***]

or such other address or facsimile number as the party may designate to the other parties to this Agreement. Any such notice or communication that is sent in the foregoing manner shall be deemed to have been delivered upon actual receipt by facsimile transmission, or three days after deposit in the United States mail, or one day after delivery to an overnight delivery service.

9.2 Amendments and Termination; Entire Agreement. This Agreement may be amended or terminated only by a writing executed by each party to this Agreement. Together with the Disclosure Schedule, any and all exhibits and schedules to this Agreement and the Ancillary Documents, this Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and supersedes all prior oral and written understandings and agreements relating to such subject matter.

9.3 Incorporation of Exhibits and Schedules. The Disclosure Schedule and any and all exhibits, schedules and Ancillary Documents that are attached to this Agreement are incorporated into this Agreement and shall be deemed to be part of this Agreement.

9.4 Successors and Assigns. This Agreement shall be binding upon, and shall benefit, the parties hereto and their respective successors and assigns. Notwithstanding the foregoing, the rights and obligations of Company and the Shareholders are not assignable to another person without Purchaser's prior written consent, and Calavo and Purchaser shall remain obligated for any Earn-Out Payments regardless of assignment. Subject to the preceding sentences of this paragraph, this Agreement is not intended to benefit any person, or to be enforceable by any person, other than the parties to this Agreement.

9.5 Calculation of Time. Wherever in this Agreement a period of time is stated in a number of days, unless otherwise stated it shall be deemed to mean calendar days starting with the first day after the event or delivery of notice and ending at the end of the last day of the applicable time period. However, when any period of time so stated would end upon a Saturday, Sunday, or legal holiday, such period shall be deemed to end upon the next day following that is not a Saturday, Sunday, or legal holiday.

9.6 Further Assurances. Each party to this Agreement shall perform any further acts and execute and deliver any further documents that may be requested by another party and that are reasonably necessary to carry out the provisions of this Agreement.

9.7 Provisions Subject to Applicable Law. All provisions of this Agreement shall be applicable only to the extent that they do not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal, or unenforceable under any applicable law. If any provision of this Agreement or any application thereof shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of other provisions of this Agreement or of any other application of such provision shall in no way be affected thereby and in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

9.8 Waiver of Rights. No party to this Agreement shall be deemed to have waived any right or remedy that it has under this Agreement unless this Agreement expressly provides a period of time within which such right or remedy must be exercised and such period has expired or unless such party has expressly waived the same in writing. The waiver by any party of a right or remedy hereunder shall not be deemed to be a waiver of any other right or remedy or of any subsequent right or remedy of the same kind.

9.9 Headings; Gender and Number; Interpretation.

(a) The headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

(b) Where appropriate to the context of this Agreement, use of the singular shall be deemed also to refer to the plural, and use of the plural to the singular, and pronouns of one gender shall be deemed to comprehend either or both of the other genders.

(c) The terms “hereof,” “herein,” “hereby,” and variations thereof shall, whenever used in this Agreement, refer to this Agreement as a whole and not to any particular section hereof. The term “person” refers to any natural person, corporation, partnership, limited liability company, or other association or entity.

(d) The words “include,” “includes,” and “including” as used in this Agreement shall be deemed to be followed by the words “without limitation.” Any statute, rule, or regulation defined or referred to in this Agreement means such statute, rule, or regulation as from time to time amended, including by successor statutes, rules, and regulations.

9.10 Expenses. Except as otherwise provided in this Agreement, each party to this Agreement shall bear its own costs and expenses incurred in connection with this Agreement. Without limiting the generality of the preceding sentence, Purchaser and Calavo shall not be responsible for the payment of costs and expenses (including attorneys' fees) incurred by any party other than Purchaser or Calavo in negotiating, interpreting, or enforcing this Agreement.

9.11 Counterparts. This Agreement may be executed in two or more counterparts, and by each party on a separate counterpart, each of which shall be deemed an original but all of which taken together shall constitute but one and the same instrument. This Agreement may be executed by facsimile or electronic transmission in PDF format.

9.12 Representation by Counsel. Company and each Shareholder understand and acknowledge that: (1) TroyGould PC ("TroyGould") has served as counsel to Purchaser and Calavo (and not to them) in connection with this Agreement; (2) they have been advised to consult with their personal attorneys about this Agreement and have had a sufficient opportunity to do so; and (3) no representations have been made to them by Purchaser, Calavo or TroyGould regarding the Tax consequences to them of the consummation of the transactions contemplated by this Agreement. In the event of any dispute between any parties to this Agreement, no presumption or burden of proof shall be imposed on or against a party as a result of the preparation of this Agreement by its counsel.

9.13 Governing Laws. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without giving effect to such state's conflict-of-law principles.

9.14 Jury Trial. Each party hereto agrees that all rights to a trial by a jury of any claim arising out of or relating to this Agreement are forever and absolutely waived.

9.15 Injunctive Relief. Each party to this Agreement is entitled to bring an action for temporary or preliminary injunctive relief at any time in any court of competent jurisdiction in order to prevent immeasurable and irreparable injury that might result from a breach of this Agreement.

9.16 Equity Holder Approval. The Shareholders, by executing this Agreement, are authorizing and approving the sale of the Transferred Assets and the transactions contemplated by this Agreement. Elizabeth Nicholson and Eric Nicholson, as the sole directors of Company, are hereby approving this Agreement and the transactions contemplated hereby in their capacity as Director of Company. Calavo, as the sole equity holder of Purchaser, by executing this Agreement, is authorizing and approving the purchase of the Transferred Assets and the transactions contemplated by this Agreement.

[signature page follows]

IN WITNESS WHEREOF, Calavo, Purchaser, Company and the Shareholders have executed and delivered this Agreement as of the date first written above.

CALAVO:

Calavo Growers, Inc.

By: /s/ Lecil E. Cole _____

Name: Lecil E. Cole

Title: Chief Executive Officer

PURCHASER:

Calavo Salsa Lisa, LLC

By: /s/ Lecil E. Cole _____

Name: Lecil E. Cole

Title: Chief Executive Officer

COMPANY:

LISA'S SALSA COMPANY

By: /s/ Elizabeth Nicholson _____

Name: Elizabeth ("Lisa") Nicholson

Title: President

SHAREHOLDERS:

By: /s/ Elizabeth Nicholson _____

Elizabeth ("Lisa") Nicholson

By: /s/ Eric Nicholson _____

Eric Nicholson

EXHIBIT A
LIMITED LIABILITY COMPANY AGREEMENT
(Filed Separately)

EXHIBIT B
EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT

This Employment Agreement (this "**Agreement**") is entered into as of February 8, 2010, by and between Calavo Salsa Lisa, LLC, a Delaware limited liability company (the "**Employer**"), and Elizabeth Nicholson (the "**Employee**").

RECITALS

A. The Employer, Calavo Growers, Inc., a California corporation ("**Calavo**"), Lisa's Salsa Company, a Minnesota corporation ("**LSC**"), the Employee and her husband, Eric Nicholson, are parties to an Asset Purchase and Contribution Agreement dated as of February 8, 2010 (the "**Asset Purchase Agreement**") pursuant to which the Employer purchased the business and substantially all of the assets of LSC. The business of LSC consisted of the manufacture and marketing of salsa, and the Employer currently engages in such acquired business. The Employee is the Chief Executive Officer of LSC, and the Employee and her husband are the sole owners of LSC. The Employer desires to hire the Employee to serve as its Director of Salsa Design and Production.

B. Calavo owns 65.0% of the outstanding equity interests of the Employer, and LSC owns 35.0% of the outstanding equity interests of the Employer. The Employer's management and operations are governed by an Amended and Restated Limited Liability Company Operating Agreement dated as of February 8, 2010 among Calavo, LSC, the Employer, the Employee and Eric Nicholson (the "**LLC Agreement**").

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Employer and the Employee hereby agree as follows:

1. EMPLOYMENT.

(a) **Term of Employment.** The Employer hereby employs the Employee, and the Employee hereby accepts employment with the Employer ("**Employment**"), in accordance with the terms and conditions of this Agreement. The term of the Employee's Employment under this Agreement (the "**Term of Employment**") shall commence on the date of this Agreement and shall end on the Employment termination date that is specified in writing by either the Employer or the Employee to the other party.

(b) **At Will Employment.** The Employer has the right to terminate the Employee's Employment at any time, with or without prior notice, and with or without cause and for any reason or for no specified reason. The Employee has the right to terminate her Employment at any time, with or without prior notice. The Employee is employed by the Employer "at will," and this Agreement does not provide the Employee with any right to continue in the Employment of the Employer for any minimum or specified period.

2. POSITION, DUTIES, AUTHORITY AND EXCLUSIVITY OF SERVICES.

(a) Position. During the Term of Employment, the Employee shall serve as the Employer's Director of Salsa Design and Production (or such other title as the parties may mutually agree upon from time to time).

(b) Reporting. The Employee shall report on a day-to-day basis directly to, and shall be subject to the supervision and direction of, such officer of the Employer (the "**Designated Officer**") as is designated to the Employee from time to time by the Employer's Chief Executive Officer. Unless and until otherwise designated by the Chief Executive Officer, the Designated Officer to whom the Employee shall report shall be Alan Ahmer.

(c) Duties, Responsibilities and Authority. The Employee's duties, responsibilities and authority shall consist of overseeing the production of salsa at the Employer's manufacturing facility in St. Paul, Minnesota and participating in the Employer's product development and sales and marketing efforts. The Employee shall be responsible for diligently and competently performing all services and acts that are necessary or advisable to fulfill those duties and responsibilities and shall render such services on the terms set forth in this Agreement. The Employee shall at all times be subject to, observe and carry out such reasonable employment-related rules, regulations and policies as the Employer's Executive Committee, Chief Executive Officer or Designated Officer may from time to time establish for the Employer's employees, including, without limitation, Calavo's code of ethics.

(d) Principal Business Office. Without restricting any requirement that the Employee engage in reasonable business-related travel, the principal location in which the Employee shall be required to perform her duties and responsibilities shall be St. Paul, Minnesota.

(e) Exclusivity of Services. Except for sick leave that is permitted under the Employer's rules, regulations and policies and except for the paid vacation time that is described in Section 4(c), the Employee shall, throughout the Term of Employment, devote substantially all of her attention and time during the Employer's normal business hours to serving in the position described in Section 2(a) and to the performance of her duties and responsibilities in good faith and to the best of her ability. So long as the Employee does not violate any of the confidentiality, noncompetition or unfair competition provisions of Section 6 or fail to perform her duties and responsibilities under this Agreement, the Employee shall be permitted reasonable time to make and manage her personal business investments and to serve on civic, educational and charitable boards and committees. The Employee shall not serve on the board of directors of any for-profit entity without the prior written consent of the Employer's Employee Committee.

3. COMPENSATION.

(a) Base Salary.

(i) For services rendered during the Term of Employment, the Employer shall pay to the Employee an annual base salary (the "**Base Salary**") of not less than \$50,000, payable in regular installments in accordance with the Employer's customary payroll practices for employees. If the Employee is entitled to receive Base Salary for any period that is

less than one calendar month, the Base Salary for such period shall be computed by prorating the annual Base Salary over such period based upon the actual number of days therein.

(ii) Notwithstanding Section 3(a)(i):

- If and when the Employer's net sales for any fiscal year during the Term of Employment are at least \$4,000,000, the Base Salary shall be \$60,000, effective as of the beginning of the immediately following fiscal year;
- If and when the Employer's net sales for any fiscal year during the Term of Employment are at least \$6,000,000, the Base Salary shall be \$70,000, effective as of the beginning of the immediately following fiscal year; and
- If and when the Employer's net sales for any fiscal year during the Term of Employment are at least \$8,000,000, the Base Salary shall be \$81,000, effective as of the beginning of the immediately following fiscal year.

(iii) For purposes of Section 3(a)(ii), the Employer's "net sales" shall be determined by the Employer (in consultation with Calavo) in accordance with the generally accepted accounting principles used by Calavo in determining its net sales reported in its audited financial statements for the applicable fiscal year. As of the date of this Agreement, the Employer's fiscal year ends on October 31; the Employer promptly shall notify the Employee if the Employer subsequently changes its fiscal year.

(b) Annual Bonus.

(i) Subject to the terms of this Agreement, with respect to each of the Employer's fiscal years that ends during the Term of Employment, the Employee shall be entitled to receive from the Employer an annual performance bonus (the "**Annual Bonus**") equal to four percent (4.0%) of the Employer's pre-tax income (if any) for such fiscal year; provided, however, that, beginning with the second fiscal year that ends during the Term of Employment, the Employee shall be entitled to receive the Annual Bonus only if the Employer's pre-tax income for such fiscal year is at least ten percent (10.0%) greater than the Employer's pre-tax income for its immediately preceding fiscal year. For example, if the Employer's pre-tax income is \$1,000,000 for the fiscal year ending October 31, 2010 and \$1,000,000 for the fiscal year ending October 31, 2011, the Employee shall be entitled to an Annual Bonus of \$40,000 for the 2010 fiscal year but shall not be entitled to an Annual Bonus for the 2011 fiscal year since the pre-tax income for the 2011 fiscal year was not at least 10.0% greater than the pre-tax income for the 2010 fiscal year.

(ii) The Employer shall pay each Annual Bonus to the Employee within fifteen days after Calavo's receipt of the signed report from its independent registered public accounting firm regarding such firm's audit of Calavo's financial statements for the applicable fiscal year. For purposes of Section 3(b)(i), the Employer's "pre-tax income" shall be

determined by the Employer (in consultation with Calavo) in accordance with the generally accepted accounting principles used by Calavo in determining its pre-tax income reported in its audited financial statements for the applicable fiscal year and, consistent with the manner in which Calavo calculates its pre-tax income, the Employer's pre-tax income shall be calculated by deducting the Employer's cost of sales, selling, general and administrative expenses, interest expense, depreciation expense and other expenses from its net sales for the applicable fiscal year. Furthermore, consistent with the manner in which Calavo calculates the amount of an income-based annual bonus that is owed to a Calavo employee, the Employer's pre-tax income for each fiscal year shall be calculated by deducting the estimated amount of the Annual Bonus that is payable to the Employee for such fiscal year under this Agreement.

(c) Withholding. All Base Salary, Annual Bonuses and other payments to be made to the Employee under this Agreement are subject to the Employer's right to make customary and applicable deductions and withholdings, including, without limitation, for federal and state taxes, FICA, Medicaid and other customary payroll activities.

(d) Equity Interests in Calavo and the Employer. The Employee acknowledges and agrees that neither Calavo nor the Employer has made any representations or promises to her regarding her receipt of (1) stock options or other rights to acquire shares of Calavo common stock under an employee stock plan or otherwise or (2) equity interests in the Employer (other than the equity interest currently held by LSC), and that nothing in this Agreement entitles her to any such stock options, shares or other equity interests.

4. EMPLOYEE BENEFITS, EXPENSE REIMBURSEMENT, VACATIONS AND CAR LEASE ALLOWANCE.

(a) Employee Benefits. During the Term of Employment, the Employee shall be entitled to receive all benefits for which she is otherwise eligible under any and all deferred compensation plans, life, disability, health, accident and other insurance programs and similar employee benefit plans and programs (if any) that the Employer elects in its sole discretion to provide from time to time to its employees (collectively referred to herein as the "**Benefits**"). However, the Employer reserves the right to terminate, reduce or otherwise amend any or all of the Benefits from time to time so long as such action applies generally to all of its employees. Except as otherwise required by applicable law with respect to continued "COBRA" group health care coverage and except as expressly required by the terms of the Employer's life, disability, health, accident and other insurance programs and similar employee benefit plans and programs, the Employee's right to receive Benefits shall terminate upon the termination of her Employment for any reason.

(b) Business Expense Reimbursement and Office. Provided that the Employee provides appropriate documentation of her expenses, the Employee shall be entitled to receive full reimbursement for all reasonable out-of-pocket business expenses that are incurred by her during the Term of Employment in accordance with the policies and procedures established from time to time by the Employer. During the Term of Employment, the Employee shall be provided with reasonable office space at the Employer's expense. The Employee's rights under this Section 4(b) shall terminate as of the date that her Employment terminates for

any reason, provided that the Employer shall remain obligated to reimburse the Employee for any such expenses that were properly incurred by her during the Term of Employment.

(c) Vacations. During each of the first four calendar years in the Term of Employment, the Employee shall be entitled to take fifteen days of paid vacation time; the Employee shall be entitled to take twenty days of paid vacation time during each calendar year beginning with the fifth calendar year in which the Employee serves as an employee of the Employer. The Employee shall also be entitled to take paid vacation time with respect to firm-wide vacation days and “floating holidays” that are listed on the holiday schedule that the Employer distributes to its employees on an annual basis. The Employee shall be entitled to accrue unused vacation time only in accordance with the Employer’s vacation accrual policy for its employees. Within ten days after the termination of the Employee’s Employment for any reason, the Employer shall make a payment to the Employee for any properly accrued but unused vacation time based upon her Base Salary in effect as of the date of her Employment termination.

(d) Car Lease Allowance. During the Term of Employment, the Employer shall pay to the Employee a monthly car lease allowance of \$600. The Employee’s rights under this Section 4(d) shall terminate as of the date that her Employment terminates for any reason, provided that, within ten days after the termination of the Employee’s Employment, the Employer shall make a payment to the Employee for any accrued but unpaid car allowance payments covering the Term of Employment.

5. POST-EMPLOYMENT COMPENSATION.

(a) General. Except as specifically provided in this Agreement, the Employer shall have no obligation to make any compensation, severance or other payments to the Employee, or to provide any other benefits to the Employee, after the date of the termination of the Employee’s Employment for any reason. The termination of the Employee’s Employment shall not affect the right of LSC to receive payments to which it is entitled under the terms and conditions of (1) the Asset Purchase Agreement by reason of the sale of LSC’s assets to the Employer or (2) the LLC Agreement by reason of LSC’s status as a member of the Employer.

(b) Base Salary. Upon the termination of the Employee’s Employment for any reason, the Employee shall not be entitled to receive any additional Base Salary payments from the Employer except:

(i) The Employee shall have the right to receive any earned but unpaid Base Salary as of the date of the Employment termination, which the Employer shall pay within ten days after the Employee’s Employment termination date; and

(ii) If the Employer terminates the Employee’s Employment without Cause (as defined in Section 5(b)(iii) below) prior to the two-year anniversary of the date of this Agreement, or if the Employee terminates her Employment for Good Reason (as defined in Section 5(b)(iv) below) prior to the two-year anniversary of the date of this Agreement, then the Employer shall also make a lump sum payment to the Employee in an amount equal to her annual Base Salary that is in effect on the Employment termination date, payable by the Employer within ten days after the Employment termination date and subject to the Employer’s

right to make customary and applicable deductions and withholdings, including, without limitation, for federal and state taxes, FICA, Medicaid and other customary payroll activities. The Employee shall not be entitled to receive the payment described in this paragraph if the Employer terminates the Employee's Employment for Cause, or if she terminates her Employment other than for Good Reason, prior to the two-year anniversary of the date of this Agreement; and the Employee shall not be entitled to receive the payment described in this paragraph if her Employment terminates for any reason on or after the two-year anniversary of the date of this Agreement.

(iii) For purposes of this Agreement, "**Cause**" means: (1) willful misconduct by the Employee with respect to the Employer that has a material adverse effect on the Employer and which misconduct is not cured within thirty days after written notice of such misconduct is given by the Employer to the Employee; (2) the Employee's willful refusal to attempt to follow the proper written direction of the Chief Executive Officer or the Designated Officer unless the Employee has a good faith reason to believe that such direction is illegal or is a violation of the Employer's rules, regulations and policies, which refusal shall continue for a period of at least thirty days after written notice of such refusal is given by the Employer to the Employee; (3) the substantial and continuing refusal by the Employee to attempt to perform her duties required under this Agreement after written notice of demand for performance of such duties is delivered to the Employee by the Employer (which notice must specifically identify the manner in which the Employer believes the Employee has substantially and continually refused to attempt to perform her duties under this Agreement) and after the Employee has failed to cure such refusal to attempt to perform her duties for at least thirty days after her receipt of such notice; (4) the Employee's conviction of, or entry of a plea of guilty or nolo contendere to, a felony (other than a felony involving a traffic violation); (5) the Employee's theft, embezzlement or other criminal misappropriation of funds from the Employer; or (6) the Employee's willful breach of any other material provision of this Agreement (including, without limitation, Section 6, entitled Confidentiality and Unfair Competition), which breach is not cured by the Employee within thirty days after written notice of such breach is given by the Employer to the Employee. For purposes of this paragraph, no act, or failure to act, on the Employee's part will be considered "willful" unless done, or omitted to be done, by the Employee not in good faith and without reasonable belief that the Employee's action or omission was in the best interests of the Employer.

(iv) For purposes of this Agreement, "**Good Reason**" means the occurrence, without the Employee's written consent, of any of the following: (1) a material demotion in the duties of the Employee, if the Employee's duties are not restored by the Employer within thirty days after written notice is given by the Employer to the Employee; (2) a change in the Employee's duties requiring her to perform the majority of her hours of Employment more than 35 miles from St. Paul, Minnesota, if the Employer fails to remedy such change within thirty days after written notice is given by the Employer to the Employee; (3) any breach by the Employer of any material provision of this Agreement, which breach is not cured by the Employer within thirty days after written notice of such breach is given by the Employer to the Employee; or (4) the failure of any successor to the Employer (whether direct or indirect or whether by merger, acquisition of assets, consolidation or otherwise) to assume in a writing delivered to the Employee the obligations of the Employer under this Agreement, if such assumption agreement is not delivered to the Employee within ten days after she provides the

successor to the Employer with written notice of her desire to receive such agreement. Notwithstanding the foregoing, the Employee shall be deemed to have terminated her Employment for Good Reason for purposes of this Agreement only if she terminates her Employment within thirty days after the occurrence of the event described in this paragraph that permits her to terminate her Employment for Good Reason.

(c) Annual Bonus.

(i) Upon the termination of the Employee's Employment for any reason, the Employee shall be entitled to receive any earned but unpaid Annual Bonus for a fiscal year of the Employer that ended on or before the date of her Employment termination, calculated and payable in the manner and by the date described in Section 3(b).

(ii) If the Employee's Employment terminates for any reason prior to the completion of any fiscal year of the Employer, the Employee shall be entitled to receive an Annual Bonus upon the subsequent completion of the fiscal year in which her Employment terminates, calculated and payable in the manner and by the date described in Section 3(b) except that the amount of the Annual Bonus that is owed to the Employee shall equal (1) the amount of the Annual Bonus that would have been payable to the Employee if she had served as an employee under this Agreement for the entire fiscal year, (2) multiplied by a fraction, the numerator of which shall be the number of days in such fiscal year in which she was employed under this Agreement and the denominator of which shall be 365. For example, if the Employee was employed for 200 days in a fiscal year in which she would have received an Annual Bonus of \$50,000 if she had been employed for the entire fiscal year, the Employee shall be entitled to receive an Annual Bonus equal to \$27,397.26 ($\$50,000 \times 200/365$). Notwithstanding the foregoing, the Employee shall not be entitled to receive an Annual Bonus for a fiscal year that ends after the termination of her Employment (other than the Employer's 2010 fiscal year, if her Employment terminates prior to October 31, 2010) unless the Employer's pre-tax income for such fiscal year is at least 10.0% greater than the Employer's pre-tax income for its immediately preceding fiscal year.

(iii) Except as described in Section 5(c)(ii), the Employee shall not be entitled to receive an Annual Bonus payment or any other payment with respect to a fiscal year of the Employer that ends after the termination of her Employment for any reason.

6. CONFIDENTIALITY; UNFAIR COMPETITION.

(a) Confidentiality. The Employee shall at no time, either during her Employment or after the termination of her Employment for any reason, use or disclose to any person, directly or indirectly, any confidential or proprietary information concerning the business of the Employer or Calavo (including Calavo's subsidiaries), including, without limitation, any salsa recipe of the Employer or Calavo or any other business secret, trade secret, financial information, software, internal procedure, business plan, marketing plan, pricing strategy or policy or customer list, except to the extent that such use or disclosure is (1) necessary to the performance of the Employee's Employment during the period that she is so employed, (2) required by an order of a court of competent jurisdiction, or (3) authorized in writing by the Employer's Chief Executive Officer or Designated Officer. The prohibition that is contained in

the preceding sentence shall not apply to any information that is or becomes generally available to the public other than through a disclosure by the Employee or by a person acting in concert with her. Within five days after the termination of her Employment, the Employee shall return to the Employer or Calavo all memoranda, notes and other documents in her possession or control that relate to the confidential information of the Employer or Calavo. Upon the Employer's request, the Employee agrees to execute and deliver to the Employer any form of confidentiality agreement that the Employer or Calavo requires generally from its employees.

(b) Competition During the Term of Employment. During her Employment, the Employee shall not, directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, shareholder or otherwise), (1) hire (or solicit for the purpose of hiring) or cause any other person to hire (or solicit for the purpose of hiring) any employee or officer of the Employer or Calavo or of any Calavo subsidiary or (2) compete in any manner with the business then being conducted by the Employer or Calavo or by any Calavo subsidiary. The prohibition that is set forth in the preceding sentence shall not be construed as prohibiting the Employee from acquiring and owning up to one percent of the outstanding common stock of any corporation whose common stock is traded on a national securities exchange.

(c) Unfair Competition After the Term of Employment. During the twelve-month period that immediately follows the termination of the Employee's Employment for any reason, in order to prevent the Employee from competing unfairly with the Employer, the Employee shall not, directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, shareholder or otherwise), hire (or solicit for the purpose of hiring) or cause any other person to hire (or solicit for the purpose of hiring) any person who is an employee or officer of the Employer or Calavo or of any Calavo subsidiary during such twelve-month period.

(d) Remedies. If the Employee breaches any of the provisions of this Section 6 or if the Employee breaches any of the terms of any other confidentiality or unfair competition agreement that she may enter into with the Employer, the Employer may, among its other remedies and notwithstanding any provision to the contrary in this Agreement, terminate all payments that are otherwise owed to the Employee under this Agreement, and the Employer shall be relieved of any obligation to make such payments to the Employee. Furthermore, the Employee acknowledges that damages and such termination of payments would be an inadequate remedy for her breach of any of the provisions of this Section 6, and that her breach of any of such provisions will result in immeasurable and irreparable harm to the Employer. Therefore, in addition to any other remedy to which the Employer may be entitled by reason of the Employee's breach of any such provision, the Employer shall be entitled to seek and obtain temporary, preliminary and permanent injunctive relief from any court of competent jurisdiction restraining the Employee from committing or continuing any breach of any provision of this Section 6.

(e) Other Noncompetition Covenants. The provisions of this Section 6 shall not diminish or otherwise affect any of the noncompetition covenants or other covenants that the Employee or LSC has given pursuant to the Asset Purchase Agreement or the LLC Agreement.

(f) Effect of the Purchase of Calavo's Interest in the Employer. If the entire ownership interest that Calavo holds in the Employer is purchased by LSC, by the Employee, or by one or more of LSC's Permitted Transferees (as such term is defined in the LLC Agreement), then, effective on the closing date of the sale of Calavo's ownership interest:

(i) The provisions of Section 6(a) of this Agreement that prohibit the Employee's use or disclosure of the Employer's confidential or proprietary information shall terminate, but the provisions of Section 6(a) that prohibit the Employee's use or disclosure of other confidential or proprietary information of Calavo or of any subsidiary of Calavo (excluding the Employer) shall continue in full force and effect;

(ii) The provisions of Section 6(b) of this Agreement shall terminate in their entirety; and

(iii) The provisions of Section 6(c) of this Agreement that prohibit the Employee from hiring (or soliciting for the purpose of hiring), or causing any other person to hire (or solicit for the purpose of hiring), specified employees and officers shall terminate with respect to persons who were or are employees or officers of the Employer, but such provisions shall continue in full force and effect for all other specified employees and officers of Calavo or of any subsidiary of Calavo (excluding the Employer).

7. **GENERAL PROVISIONS.**

(a) Entire Agreement. This Agreement (and any separate confidentiality agreements that may be entered into between the Employer and the Employee) constitutes the entire agreement of the Employer and the Employee relating to the terms and conditions of the Employee's Employment and supersedes all prior oral and written understandings and agreements relating to such subject matter. However, this Agreement does not modify or terminate any provision of the Asset Purchase Agreement or the LLC Agreement.

(b) Notices. All notices required or permitted by this Agreement to be given by one party to the other party shall be delivered in writing, by registered or certified United States mail (postage prepaid and return receipt requested) or by reputable overnight delivery service, to the Employer or the Employee, as applicable, at the address that appears on the signature page of this Agreement (or to such other address that one party gives the other in the foregoing manner). Any such notice that is sent in the foregoing manner shall be deemed to have been delivered three days after deposit in the United States mail or one day after delivery to an overnight delivery service.

(c) Expenses. Each party to this Agreement shall bear its own costs and expenses (including, without limitation, attorneys' fees) incurred in connection with this Agreement.

(d) Amendment and Termination. This Agreement may be amended or terminated only pursuant to a writing executed by the Employer and the Employee.

(e) Successors and Assigns. This Agreement shall be binding upon, and shall benefit, the Employer and the Employee and their respective successors and assigns

(including, without limitation, the Employee's personal representative and beneficiaries and any corporation or other entity into which the Employer is merged); provided, however, that the Employee is not entitled to assign her obligations hereunder to another person.

(f) Calculation of Time. Wherever in this Agreement a period of time is stated in a number of days, it shall be deemed to mean calendar days. However, when any period of time so stated would end upon a Saturday, Sunday or legal holiday, such period shall be deemed to end upon the next day following that is not a Saturday, Sunday or legal holiday.

(g) Further Assurances. Each of the Employer and the Employee shall perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

(h) Provisions Subject to Applicable Law. All provisions of this Agreement shall be applicable only to the extent that they do not violate any applicable law and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, illegal or unenforceable under any applicable law. If any provision of this Agreement or any application thereof shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other provisions of this Agreement or of any other application of such provision shall in no way be affected thereby.

(i) Waiver of Rights. Neither party shall be deemed to have waived any right or remedy that it has under this Agreement unless this Agreement expressly provides a period of time within which such right or remedy must be exercised and such period has expired or unless such party has expressly waived the same in writing. The waiver by either party of a right or remedy hereunder shall not be deemed to be a waiver of any other right or remedy or of any subsequent right or remedy of the same kind.

(j) Headings; Gender and Number. The headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement. Where appropriate to the context of this Agreement, use of the singular shall be deemed also to refer to the plural, and use of the plural to the singular, and pronouns of one gender shall be deemed to comprehend either or both of the other genders. The terms "hereof," "herein," "hereby" and variations thereof shall, whenever used in this Agreement, refer to this Agreement as a whole and not to any particular section of this Agreement. The term "**person**" refers to any natural person, corporation, partnership, limited liability company or other association or entity, as applicable.

(k) Representation of the Employee; Interpretation of This Agreement. The Employee acknowledges and agrees that she has had an adequate opportunity to review this Agreement with her counsel prior to executing this Agreement, and that she is freely entering into this Agreement without coercion from any source. The Employer and the Employee have negotiated the terms of this Agreement, and the language used herein was chosen by the parties to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing the instrument to be drafted.

(l) Counterparts. This Agreement may be executed in counterparts and by facsimile or electronic transmission in PDF format, each of which will be deemed an original but both of which together will constitute a single instrument.

(m) Governing Laws; Jury Trial Waiver. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware without giving effect to such state's conflict-of-law principles. Each party agrees that all rights to a trial by a jury of any claim arising out of or relating to this Agreement are forever and absolutely waived.

(Signature Page Follows)

IN WITNESS WHEREOF, the Employer and the Employee have executed and delivered this Agreement as of the date first written above.

CALAVO SALSA LISA, LLC

By: /s/ Lecil E. Cole

Lecil E. Cole

Chief Executive Officer

Address:

c/o Calavo Growers, Inc.

1141A Cummings Road

Santa Paula, California 93060

Attention: Chief Financial Officer

/s/ Elizabeth Nicholson

ELIZABETH NICHOLSON

Address:

[***]

EXHIBIT C
FORM OF CODE OF BUSINESS CONDUCT AND ETHICS AGREEMENT



Since 1924

The First Name in Avocados

CALAVO GROWERS, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
Bi-Lingual Version (Version Bilingue)

English Version

(Versión en Español) Spanish Version

Introduction

Calavo Growers, Inc. intends to conduct its business honestly and ethically wherever we operate in the world. We will constantly improve the quality of our services, products and operations and will maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of our directors, officers or employees or their affiliates is in the Company’s best interest. Calavo will not compromise its principles for short-term advantage. The honest and ethical performance of this Company is the sum of the ethics of the men and women who work here. Thus, we are all expected to adhere to high standards of personal integrity.

This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of Calavo. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code should also be provided to and followed by Calavo’s agents and representatives, including consultants.

As required by applicable law and Nasdaq regulations, this Code will be filed with the Securities and Exchange Commission (the “SEC”), posted on the Company’s website or otherwise made available for examination by our shareholders.

1. Compliance with Laws, Rules and Regulations.

Obeying the law, both in letter and in spirit, is the foundation on which Calavo’s ethical standards are built. All directors, officers and employees must respect and obey the laws of the United States and of the cities, states and foreign countries in which we operate. In particular, all directors, officers and employees must comply with federal securities laws, rules and regulations that govern Calavo, and they must obey all applicable Equal Employment Opportunity laws and act with respect and responsibility towards others in all of their dealings.

2. Avoidance of Conflicts of Interest.

Calavo’s directors, officers and employees must never permit their personal interests to conflict, or even appear to conflict, with the interests of the company. A “conflict of interest” exists

Introducción

Calavo Growers, Inc. intenta conducir sus negocios honesta y eticamente dondequiera que opere en el mundo. Constantemente, mejorara la calidad de sus servicios, productos y operaciones y mantendrá una reputación de honestidad, justicia, respecto, responsabilidad, integridad, confianza y legitimo juicio en los negocios. No es el mejor interés de la empresa, la conducta unetical o ilegal por parte de nuestros directores, oficiales o empleados o de sus afiliadas. Calavo no compromete estos principios para tomar ventaja en el corto plazo. El desempeño honesto y ético de la empresa es la suma de la ética de hombres y mujeres que trabajan aquí. Por tanto se espera que todos se adhieran a altos estándares de integridad personal.

Este código de conducta y ética en los negocios (“el código”) cubre un gran rango de procedimientos y practicas en los negocios. No cubre todos los aspectos que puedan ocurrir, pero si establece los principios básicos que guían a todos los directores, oficiales y empleados de CALAVO. Todos nuestros directores, oficiales y empleados deben conducirse apropiadamente y tratar de evitar cualquier apariencia de comportamiento incorrecto. Este código será proveído y seguido por los agentes, representantes y consultores de Calavo.

Como es requerido y aplicable por ley y por los reglamentos del Nasdaq, este código, deberá ser sometido a la Comisión de Intercambio de Valores (Securities and Exchange Commission SEC), debe ser desplegado en el sitio WEB de la empresaa, o de otra forma estar disponible para su revisión por los accionistas.

1. Acatamiento de leyes, reglas y reglamentos.

La obediencia de la ley, tanto en papel como en espíritu son el fundamento en el cual los estándares éticos de Calavo fueron construidos. Todos los directores, oficiales y empleados deben respetar las leyes de los Estados Unidos y otras ciudades, estados y países extranjeros en los cuales Calavo opera. In particular, todos los directores, oficiales y empleados deben acatar las leyes federales de valores, reglas y reglamentos que gobiernan Calavo, y además deben obedecer todo lo aplicable a las leyes de igualdad y oportunidad de empleo, y actuar con respeto y responsabilidad con todos los que se relacionan con el negocio.

2. Evitamiento de conflictos de interés

Los directores, oficiales y empleados de Calavo nunca deben permitir que sus intereses personales estén en conflicto con los

when a person's private interest interferes in any way, or even appears to interfere, with Calavo's interests. A conflict situation can arise when a director, officer or employee takes actions, or has interests, that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position with Calavo.

For example, it is a conflict of interest for a Calavo director, officer or employee to work simultaneously for a competitor or customer, even as a consultant or board member. Each director, officer and employee must be particularly careful to avoid representing Calavo in any transaction with a third party with whom the director, officer or employee has any outside business affiliation or relationship. The best policy is to avoid any direct or indirect business connection with our customers and competitors, except on our behalf.

Conflicts of interest are prohibited under this Code except in limited cases under guidelines or exceptions specifically approved in advance by the Board of Directors. Since some of our directors, officers and employees grow avocados and other agricultural products and will enter into marketing agreements with Calavo, the Board of Directors will approve such marketing agreements and will not consider them to be a violation or waiver of this Code as long as the terms of the agreements are no more favorable to the directors, officers and employees than agreements that we enter into with third parties.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or with the Director of Human Resources. The Director's telephone number and address are set forth in Section 15 below. Any director, officer or employee who becomes aware of any transaction or relationship that is a conflict of interest or a potential conflict of interest should bring it to the attention of the Director of Human Resources.

3. Bribes, Kickbacks and Gifts.

No bribes, kickbacks or other similar remuneration or consideration may be given to any person or organization in order to attract or influence business activity. The United States Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Therefore, this Code strictly prohibits making illegal payments to government officials of any country.

Calavo's directors, officers and employees are also prohibited from receiving or providing gifts, gratuities, fees or bonuses as an inducement to attract or influence business activity. No entertainment should ever be offered, given or accepted by any Calavo director, officer or employee (or any family member of any such person) in connection with our business activities unless it: (a) is consistent with customary business practices; (b) is not excessive in value; (c) cannot be construed as a bribe or payoff; and (d) does not violate any laws or regulations. Please discuss with your supervisor or our Director of Human Resources any entertainment that you are not certain is

intereses de la empresa. Un "conflicto de intereses" existe cuando un interés privado de una persona interfiere de alguna forma, o aparenta interferir con los intereses de Calavo. Una situación de conflicto se deriva cuando un director, oficial o empleado toma acciones, o tiene intereses, que hagan difícil desempeñar su trabajo en forma objetiva y efectiva. Conflictos de intereses también se puede derivar cuando un director, oficial o empleado, o miembro de su familia, recibe beneficios inapropiados como resultado de su posición con Calavo.

Por ejemplo, es un conflicto de intereses para un director, oficial o empleado de Calavo es trabajar simultáneamente para un competidor o cliente, inclusive como consultor o miembro de su junta directiva. Cualquier director, oficial y empleado debe ser particularmente cuidadoso de evitar representar a Calavo en cualquier transacción con otros grupos, con los cuales el tiene relaciones o afiliaciones externas de negocios. La mejor política es evitar cualquier conexión de negocios, directa o indirecta con clientes o competidores, excepto a nombre de Calavo.

Conflictos de intereses son prohibidos bajo este código, excepto in casos limitados bajo los lineamientos o excepciones específicamente aprobadas por adelantado por la Junta Directiva. Como algunos directores, oficiales y empleados cultivan aguacates y otros productos agrícolas, ellos entraran en acuerdos de mercadeo con Calavo, la Junta Directiva aprobara esos acuerdos y no serán considerados como una violación a este código, en cuanto los términos del acuerdo no sea mas favorables a los directores, oficiales y empleados que los acuerdos suscritos con otros grupos externos.

Conflictos de intereses no siempre están claros. Por tanto si usted tiene alguna pregunta puede consultar con su supervisor o con el Director de Recursos Humanos. El teléfono, y dirección del Director se detallan abajo en la Sección 15. Cualquier director, oficial o empleado quien se entere de alguna transacción o relación que tiene conflicto de intereses o potencial de conflicto de intereses debe llevarlo a la atención del Director de Recursos Humanos.

3. Sobornos, pago ilícitos y regalos.

No se permitirán, sobornos, pagos ilícitos, regalos o remuneraciones similares a ninguna persona u organización con tal de atraer o influir en la actividad del negocio. En Estados Unidos, el Acta de Practicas de Corrupción Foránea prohíbe dar cualquier cosa de valor, directa o indirectamente a oficiales de gobiernos extranjeros o candidatos políticos extranjeros con tal de obtener o retener el negocio. Por tanto, este código prohíbe estrictamente hacer pagos ilegales a oficiales de gobierno de cualquier país.

A los directores, oficiales y empleados también se les prohíbe recibir o proveer regalos, gratitudes, bonos, honorarios con tal de influir en la actividad del negocio. Ningún director, oficial o empleado deberá ofrecer o aceptar entretenimiento para el o algún miembro de su familia en conexión con las actividades del negocio al menos que: a) es consistente con las practicas normales del negocio, b) no es excesivo en valor, c) no puede ser construido como soborno o mordida o regalo y d) no viola ningún ley o reglamento. Por favor discuta esto con su supervisor o con la Directora de Recursos Humanos si no esta seguro que algún entretenimiento es apropiado.

appropriate.

4. Confidential Information.

Our directors, officers and employees will often come into contact with, or have possession of, confidential information about Calavo or our suppliers, customers or affiliates, and they must take all appropriate steps to assure that the confidentiality of such information is maintained. Confidential information includes all nonpublic information that might be of use to competitors or harmful to Calavo if disclosed. It also includes nonpublic information that our suppliers, customers or affiliates have entrusted to us.

Confidential information, whether it belongs to Calavo or any of our suppliers, customers or affiliates, may include, among other things, strategic business plans, actual operating results, projections of future operating results, marketing strategies, customer lists, personnel records, proposed acquisitions and divestitures, new investments, changes in dividend policies, the proposed issuance of additional securities, management changes or manufacturing costs, processes and methods. Confidential information about our company and other companies, individuals and entities must be treated with sensitivity and discretion and only be disclosed to persons within Calavo whose positions require use of that information or if disclosure is required by applicable laws, rules and regulations.

5. Insider Trading.

(This section applies to corporate and head of CDM only.)

Any misuse of material nonpublic information in connection with trading in Calavo's securities, or in the securities of another company or entity with which we do business, can expose an individual to civil penalties, criminal fines and a prison term under the Securities Exchange Act of 1934 (the "Exchange Act") and related laws. Material information is information that a reasonable investor would consider important in a decision to purchase or sell securities of Calavo or of any company or other entity with which we do business. In short, information is material if it could reasonably be expected to affect the price of our stock or the stock of another company or entity. The examples of confidential information that are listed in the preceding paragraph are also examples of information that generally are considered "material".

Under the Exchange Act, directors, officers and employees who possess material information about Calavo that is not available to the public are considered "insiders". Spouses, relatives, friends, suppliers, customers, brokers and others outside the company who may have acquired the material nonpublic information directly or indirectly from a director, officer or employee are also considered "insiders". The Exchange Act and this Code prohibit insiders who possess material nonpublic information about Calavo from trading in, or recommending the sale or purchase of, Calavo's securities until the end of the second business day after the material information has been disclosed by Calavo to the public through a press release or a report that is filed with the SEC.

The following guidelines should be followed in dealing with material nonpublic information:

- Until the end of the second business day after material

4. Información Confidencial.

Los directores, oficiales y empleados con frecuencia estarán en contacto con, o tienen posesión de información confidencial acerca de Calavo y sus proveedores, clientes o afiliados. Ellos debe tomar los pasos apropiados para asegurar que la confidencialidad de tal información es mantenida.

Información confidencial incluye toda la información no pública que podría ser usada por los competidores para afectar a Calavo si es divulgada. También incluye información no pública que proveedores, clientes y afiliados nos confiaron.

Información confidencial, como sea que ella pertenezca a Calavo o cualquiera de sus proveedores, clientes o afiliados, puede incluir entre otras cosas, planes estratégicos del negocio, resultados actuales de operaciones, resultados de proyecciones futuras, estrategias de mercadeo, lista de clientes, registros de personal, propuestas de adquisición del total o porciones de empresas liquidadas, nuevas inversiones, cambios en la política de dividendos, en las propuesta de emisión de valores adicionales, cambios en la gerencia o cambios en los costos, procesos y métodos de manufactura. Información confidencial acerca de la empresas y otras entidades debe ser tratada con sensibilidad y discreción y solo debe ser revelada a personas dentro de Calavo en aquellas posiciones donde el uso de información o su exposición es requerida por las leyes, reglas y reglamentos.

5. Comercio Interior.

(Esta sección aplica a la corporación y la gerencia de CDM.)

Cualquier uso erróneo de información no pública e material en la conexión con negociar en las seguridades de Calavo, o en las seguridades de otra compañía o entidad con las cuales hacemos negocio, puede exponer a un individuo a las penas civiles, las multas criminales y un término de prisión bajo acto de intercambio de seguridades de 1934 (el "acto del intercambio") y las leyes relacionadas. La información material es información que un inversionista razonable consideraría importante en una decisión de comprar o vender seguridades de Calavo o de cualquier compañía o de otra entidad con quienes hacemos negocio. La información material si podría razonablemente afectar el precio de nuestra acción o de la acción de otra compañía o entidad. Los ejemplos de la información confidencial que se enumeran en el párrafo precedente son también los ejemplos de la información que consideran en general "material".

Bajo acto del intercambio, consideran a los directores, a los oficiales y a los empleados que poseen la información material que no esta disponible al público sobre Calavo, como los "iniciados". Consideran a los esposos, a los parientes, a los amigos, a los surtidores, a los clientes, los corredores y otros fuera de la compañía que pudo haber adquirido la información material no pública, directamente o indirectamente de un director, de un oficial o de un empleado también como los "iniciados". El acto del intercambio y este código prohíben a los iniciados que poseen la información material no pública sobre Calavo de negociar adentro, o dar recomendación de la venta o de la compra de las seguridades de Calavo hasta el final del segundo día laboral después de que la información material haya sido divulgada por Calavo al público a través de un lanzamiento

information about Calavo has been publicly disclosed by Calavo through a press release or a report that is filed with the SEC, a director, officer or employee may not disclose the information to any family member or any other person or entity except persons with Calavo whose positions require use of that information.

- Until the end of the second business day after material information about Calavo has been publicly disclosed in the manner described above, a director, officer or employee who possesses that information may not purchase, sell or otherwise transfer any of the Company's securities, except pursuant to a written prearranged trading plan that satisfies applicable legal requirements and that has been approved in advance by Calavo's Chief Financial Officer. This prohibition applies to relatives who live in your household and to corporations, trusts, partnerships and other entities that are under your control.
- Until the end of the second business day after material information about another company or entity with which we do business has been publicly disclosed in the manner described above, a Calavo director, officer or employee who possesses that information may not purchase, sell or otherwise transfer any securities of the other Company or entity or disclose the material information to anyone except those within Calavo whose positions require use of that information. This prohibition applies to relatives who live in your household and to corporations, trusts, partnerships and other entities that are under your control.
- A short sale of Calavo's securities evidences an expectation on the part of the seller that the securities will decline in value, and therefore signals to the market that the seller lacks confidence in Calavo or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the company's performance. For these reasons, short sales of Calavo's securities are prohibited by this Code. This prohibition extends to so-called short sales against the box, where the seller may own the securities being sold but may not deliver the securities to cover the sale order.

6. Public Disclosure of Information Required by the Securities Laws.

Calavo is a public Company that is required to file various reports and other documents with the SEC. An objective of this Code is to ensure full, fair, accurate, timely and understandable disclosure in the reports and other documents that we file with, or otherwise submit to, the SEC and in the press releases and other public communications that we distribute.

de prensa o un informe que se archiva con las pautas siguientes de SEC. Las pautas siguientes deben ser seguidas en ocuparse de la información material no publica:

- Hasta el final del segundo día laboral después de que la información material sobre Calavo haya sido divulgada al público por Calavo a través de un lanzamiento de prensa o un informe que se archiva con el SEC, un director, un oficial o un empleado no podrá divulgar la información a cualquier miembro de la familia o cualquier otra persona o entidad excepto personas que trabajan en posiciones de Calavo que requieran uso de esa información.
- Hasta el extremo del segundo día laboral después de que la información material sobre Calavo se haya divulgado al público de la manera descrita arriba, directores, oficiales o empleados que poseen esa información no podrán comprar, vender o transferir de otra manera cualesquiera las seguridades de la compañía, a menos que conforme a un plan que negocia por escrito y satisfaga requisitos legales aplicables y que ha sido aprobado por adelantado por el principal oficial financiero de Calavo. Esta prohibición se aplica a los parientes que viven en su casa y a las corporaciones, las confianzas, las sociedades y otras entidades que están bajo su control.
- Hasta el extremo del segundo día laboral después de que la información material sobre otra compañía o entidad con quienes hacemos negocio se haya divulgado al público de la manera descrita arriba, directores de Calavo, oficiales, o empleados que poseen esa información, no podrán comprar, vender o transferir de otra manera las seguridades de otra compañía o entidad y no podrán divulgar la información material a cualquier persona excepto éstos con posiciones dentro de Calavo que requieran uso de esa información. Esta prohibición se aplica a los parientes que viven en su casa y a las corporaciones, las confianzas, las sociedades y otras entidades que están bajo su control.
- Una venta corta de las seguridades de Calavo rendirá evidencia de una expectativa de parte del vendedor a que las seguridades declinarán en valor, y por lo tanto señala al mercado que el vendedor carece confianza en Calavo y a las perspectivas a corto plazo de Calavo. Además, las ventas cortas pueden reducir el incentivo del vendedor para mejorar el funcionamiento de la compañía. Por estas razones, las ventas cortas de las seguridades de Calavo son prohibidas por este código. Esta prohibición extiende a las ventas cortas supuestas contra la caja, donde el vendedor puede poseer las seguridades que son vendidas pero no puede entregar las seguridades para cubrir la orden de la venta.

6. Exposición pública de la información requerida por las leyes de Valores.

Calavo es una entidad pública y se les es requerido presentar reportes y documentos a la Comisión de Intercambio de Valores (Security Exchange Commission SEC). Uno de los objetivos de este código es asegurar el total de los reportes y documentos que se presentan al SEC sean justo, preciso, puntual y comprensible, así como las notas a la prensa y otras comunicaciones públicas

The federal securities laws, rules and regulations require Calavo to maintain “disclosure controls and procedures,” which are defined as controls and other procedures that are designed to ensure that financial information and non-financial information that is required to be disclosed by us in the reports that we file with or otherwise submit to the SEC (i) is recorded, processed, summarized and reported within the time periods required by applicable federal securities laws, rules and regulations and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner allowing timely decisions by them regarding required disclosure in the reports.

Some of our directors, officers and employees will be asked to assist management in the preparation and review of the reports that we file with the SEC, including recording, processing, summarizing and reporting to management information for inclusion in these reports. If you are asked to assist in this process, you must comply with all disclosure controls and procedures that are communicated to you by management regarding the preparation of these reports.

You must also perform with diligence any responsibilities that are assigned to you by management in connection with the preparation and review of these reports, and you may be asked to sign a certification to the effect that you have performed your assigned responsibilities.

SEC regulations impose upon our Chief Executive Officer and Chief Financial Officer various obligations in connection with annual and quarterly reports that we file with the SEC, including responsibility for:

- Establishing and maintaining disclosure controls and procedures and internal control over financial reporting that, among other things, ensure that material information relating to Calavo is made known to the Chief Executive Officer and Chief Financial Officer on a timely basis;
- Ensuring that the Company’s internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles;
- Evaluating on a quarterly basis the effectiveness of Calavo’s disclosure controls and procedures;
- Disclosing to Calavo’s auditors and audit committee (i) specified deficiencies and weaknesses in the design or operation of the Company’s internal control over financial reporting, (ii) fraud that involves management or other employees who have a significant role in Calavo’s internal control over financial reporting, and (iii) specified changes relating to Calavo’s internal control over financial reporting; and
- Providing certifications in Calavo’s annual and quarterly reports regarding the above items and other specified matters.

This Code requires our Chief Executive Officer and Chief Financial Officer to carry out their designated responsibilities in connection with our annual and quarterly reports, and this Code requires you, if asked, to assist our executive officers in performing their responsibilities under these SEC regulations.

que Calavo distribuye.

La ley Federal de Valores, reglas y reglamentos requieren a Calavo mantener, divulgar sus controles y procedimientos, los cuales son definidos como controles y otros procedimientos que son designados para asegurar que la información financiera y la información no financiera que es requerida y divulgada en los reportes presentados al SEC, (i) es registrada, procesada, resumida y reportada dentro del tiempo y periodos requeridos aplicados por la ley federal de valores, reglas y reglamentos y (ii) es acumulada y comunicada por nuestra gerencia, incluyendo al Presidente Ejecutivo y al Oficial Mayor Financiero, en tal forma que les permita tomar prontas decisiones en referencia a la divulgación de los reportes.

A algunos de los directores, oficiales y empleados se les pedirán asistir a la gerencial en la preparación y revisión de los reportes que se presentaran al SEC, incluyendo, registro, proceso, resumen y reporte a la gerencia de la información a ser incluido en estos reportes. Si se le pide que asista en este proceso, usted debe de cumplir con todo lo referido en los controles y procedimientos que son comunicados a usted por la gerencia en relación con la preparación de estos reportes. Usted también deberá ejecutar con diligencia cualquier responsabilidad que la gerencia le asigne en conexión con la preparación y revisión de estos reportes, y se le pedirá que firme una certificación de que usted llevo a cabo las responsabilidades asignadas.

Las reglamentos del SEC impone sobre el Presidente Ejecutivo y el Oficial Financiero Mayor varias obligaciones en con los reportes trimestrales y anuales que se deben presentar al SEC, incluyendo la responsabilidad por:

- El establecimiento y mantenimiento y divulgación de los controles y procedimientos de control interno sobre el reporte financiero, que entre otras cosas, asegura que la información material relacionada con Calavo es del conocimiento del Presidente Ejecutivo y del Oficial Mayor Financiero oportunamente.
- Asegurar que el control interno de la empresa sobre el reporte financiero provee razonable garantía en relación con la fiabilidad del reporte financiero y de la preparación de los estados financieros de conformidad con los principios contables generalmente aceptados.
- Evaluar trimestralmente la eficacia de la divulgación de los controles y procedimientos.
- Divulgarlo a los auditores y comité de auditoria de Calavo (i) especialmente deficiencias y debilidades en el diseño u operación de los controles internos de la empresa en el reporte financiero, (ii) fraude que envuelve a la gerencia u otros empleados que tengan un papel significante en el reporte financiero interno (iii) específicamente cambios relaciones con el reporte financiero interno, y

Suministrando certificaciones en los reportes trimestrales y anuales de Calavo en referencia a los puntos mencionados arriba y otros puntos específicos.

Este código de ética requiere que el Presidente Ejecutivo y el Oficial Mayor Financiero ejecuten las responsabilidades designadas en con los reportes trimestrales y anuales, y requiere que usted, si se le pide, asista a los oficiales ejecutivos en ejecutar sus responsabilidades bajo las reglamentos del SEC.

7. Record-Keeping.

Calavo requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. Also, business expense accounts must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or the Director of Human Resources.

All of Calavo's books, records, accounts and financial statements must be maintained in reasonable detail, must accurately and appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal control over financial reporting and disclosure controls and procedures.

All transactions must be recorded in a manner that will present accurately and fairly our financial condition, results of operations and cash flows and that will permit us to prepare financial statements that are accurate, complete and in full compliance with applicable laws, rules and regulations. Unrecorded or "off the books" funds or assets should not be maintained unless expressly permitted by applicable laws, rules and regulations.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memoranda and formal reports.

Records should be retained in accordance with Calavo's record retention policies, and records should be destroyed only if expressly permitted by our record retention policies and applicable laws, rules and regulations. If you become the subject of a subpoena, lawsuit or governmental investigation relating to your work at Calavo, please notify your supervisor and contact our Director of Human Resources immediately.

8. Corporate Opportunities.

Directors, officers and employees are prohibited from taking for themselves personally opportunities that are discovered through the use of Calavo's property or confidential information or as a result of their position with Calavo, except upon the prior written consent of the Board of Directors.

No director, officer or employee may use corporate property, information or position for improper personal gain; no director, officer or employee may use Company contacts to advance his or her private business or personal interests at the expense of Calavo or its customers, suppliers or affiliates; and no director, officer or employee may directly or indirectly compete with Calavo. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

9. Competition and Fair Dealing.

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance but never through unethical or illegal business practices.

Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other

7. Custodia de los registros.

Calavo requiere reportar información honesta y precisa para tomar decisiones responsables de negocios. Por ejemplo, solo las horas correctas de trabajo deberán ser reportadas. También, todos los gastos de negocios deben ser documentados y registrados exactamente. Si no esta seguro que cierto gasto es legitimo, pregunte a supervisor o a la Directora de Recursos Humanos.

Todos los libros, registros, cuentas y estados financieros de Calavo, deberán ser mantenidos en suficiente detalle y deberán mostrar exacta y apropiadamente las transacciones de la empresa de conformidad con los requerimientos legales y con el sistema interno de control y la divulgación de controles y procedimientos sobre el reporte financiero, Todas las transacciones deberán ser registradas en forma tal que presente exacta y justamente la condición financiera, resultados de las operaciones y flujos de caja y que le permitan preparar estados financieros exactos, completos y en acatamiento con las leyes, reglas y reglamentos aplicables. Activos sin registrar o fuera de los libros no se deben mantener, al menos permitido expresamente por las leyes, reglar y reglamentos aplicables.

Los registros y comunicaciones algunas veces se hace públicos, y se debe evitar la exageración, comentarios despectivos, conjeturas y características de personas y entidades inapropiadas que puedan ser malentendidos. Esto aplica igualmente a e- mails, memorandos internos y reportes formales

Los registros deberán ser retenidos de acuerdo con la política de retención de registros de Calavo, y los registros deberán ser destruidos solo si expresamente es permitido por la política de retención de registros y las leyes, reglas y reglamentos aplicables. Si usted es sujeto de una citación, un juicio o una investigación gubernamental relacionada con su trabajo en Calavo, por favor notifique a su supervisor inmediato y póngase en contacto inmediatamente con la Directora de Recursos Humanos

8. Oportunidades de la corporación.

A los directores, oficiales y empleados se les prohíbe tomar ventaja para si mismos de las oportunidades que son descubiertas a través del uso de información confidencial de Calavo, o por medio de su posición in Calavo, excepto con consentimiento escrito de la Junta Directiva de Calavo. Ningún director, oficial o empleado deberá usar propiedad de la corporación, información o posición como ganancia personal. Ningún director, oficial o empleado usara contactos de la empresa para tomar ventaja en sus negocios privados y de interés personal, a expensas de Calavo, sus clientes, suplidores y afiliados, y ningún director, oficial o empleado directa o directamente competirá con Calavo. Los Directores, oficiales y empleados tienen la obligación con la empresa de fomentar intereses legítimos cuando la oportunidad se presente.

9. Competencia y negocios honestos.

Se busca aventajar a la competencia honesta y justamente. Se buscan ventajas competitivas a través de un desempeño superior, pero nunca a través de practicas uneticas o ilegales.

Esta prohibido el robo de información patentada, posesión de secretos del negocio que fueron obtenidos con el consentimiento del dueño, o revelar tales secretos por exempleados y empleados

companies is prohibited.

Each director, officer and employee should endeavor to respect the rights of and deal fairly with Calavo's customers, suppliers, competitors and affiliates. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.

To maintain the company's valuable reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services be designed to meet our obligations to customers. All inspection and testing documents must be handled in accordance with all applicable laws, rules and regulations.

10. Protection and Proper Use of Company Assets.

Directors, officers and employees should endeavor to protect Calavo's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment will not be used for non-company business. Incidental personal use of items may be permitted pursuant to written policies approved by the Board of Directors.

The obligation of directors, officers and employees to protect Calavo's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports.

Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

11. Discrimination and Harassment.

The diversity of Calavo's directors, officers and employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

12. Health and Safety.

Calavo strives to provide each director, officer and employee with a safe and healthy work environment.

Each director, officer and employee has responsibility for maintaining a safe and healthy workplace for all other persons by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Directors, officers and employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or alcohol in the workplace will not be tolerated.

actuales. Cada director, oficial o empleado, deberá esforzarse por respetar los derechos de justa competencia con los clientes, suplidores, competidores y afiliados de Calavo. Ningún director, oficial o empleado deberá de tomar ventaja de ninguna persona a través de manipulación, ocultamiento, abuso de información privilegiada, malinterpretación de hechos materiales o cualquier otra intención de ejercer una practica desleal.

Es esencial mantener la valuable reputación de la empresa, acatamiento con los procesos de calidad y requerimientos de seguridad. En el contexto de ética, calidad requiere que los productos y servicios sea diseñados para cumplir con las obligaciones con nuestros clientes. Todas las inspecciones y evaluaciones de documentos deben manejarse de acuerdo con las leyes aplicables, reglas y reglamentos.

10. Protección y uso correcto de los activos de la empresa

Los directores, oficiales y empleados deberán esforzarse por proteger los activos de la empresa y asegurar su uso eficiente. Robo, descuido, y desperdicio han tenido un impacto directo en la rentabilidad de la empresa. Cualquier sospecha, o incidente de fraude o robo deber ser reportado e investigado inmediatamente. El equipo de la empresa no deberá ser usando para actividades no relacionadas con el negocio. Eventualmente el uso del mismo es permitido según las políticas escritas y aprobadas por la Junta Directiva.

La obligación de los directores, oficiales y empleados es proteger los activos de Calavo incluyendo información patentada. La información patentada incluye la propiedad intelectual tal como secretos del negocio, patentes, marcas registradas, derechos de autor, así como planes de mercadeo y servicio, ideas de manufactura e ingeniería, diseños, base de datos, registros, información salarial, y cualquier otros reportes financieros no publicados. El uso y distribución no autorizada de tal información, viola la política de la empresa. Esto puede resultar en juicios civiles y penalidades criminales.

11. Discriminación y hostigamiento.

La diversidad de los directores, de los oficiales y de los empleados de Calavo es un enorme activo. Estamos confiados firmemente a proporcionar oportunidad igual en todos los aspectos del empleo y no toleraremos ninguna discriminación u hostigamiento ilegal. Ejemplos incluyen, los comentarios despectivos basados en las características raciales o étnicas y avances sexuales incómodos.

12. Salud y Seguridad.

Calavo se esfuerza por proveer a cada director, oficial y empleado con un seguro y saludable ambiente de trabajo. Todo director, oficial y empleado tiene la responsabilidad de mantener un seguro y saludable ambiente de trabajo para otras personas siguiendo las reglas y practicas de salud y seguridad y reportando cualquier accidente, heridas, o equipo o practicas y condiciones peligrosas.

Violencia y amenazas no serán permitidas. Directores, oficiales y empleados deberán reportarse a trabajar en condiciones que estén fuera del uso ilegal de drogas o alcohol. No será tolerado el uso ilegal de drogas y alcohol en el lugar de trabajo.

13. Waivers and Amendments of the Code.

Only Calavo's Board of Directors may grant a waiver of any provision of this Code to any director, officer or employee and any such waiver will promptly be publicly disclosed as required by law or Nasdaq regulations.

This Code can be amended only by the Board of Directors, and any such amendment will promptly be publicly disclosed as required by law or Nasdaq regulations

14. Enforcement of the Code.

A violation of this Code by any director, officer or employee will be subject to disciplinary action, including possible termination of employment. The degree of discipline imposed by Calavo may be influenced by whether the person who violated this Code voluntarily disclosed the violation to Calavo and cooperated with Calavo in any subsequent investigation.

In some cases, a violation of this Code may constitute a criminal offense that is subject to prosecution by federal or state authorities.

15. Reporting Concerns.

Understanding and acting upon any issues that exist regarding financial, accounting, and/or audit matters is an essential component to our ability to take action and ensure the highest levels of financial integrity. Employees may report any concerns regarding the company's internal accounting controls or auditing matters by calling 1-888-279-6251 in the U.S. or on line at www.ethicspoint.com to leave a confidential message for our audit committee.

16. Compliance Procedures; Reporting Misconduct or Other Ethical Violations.

Directors, officers and employees should promptly report any unethical, dishonest or illegal behavior, or any other violation of this Code or of other Calavo policies and procedures, to our Director of Human Resources. The telephone number is 1-805-921-3201; the mailing address is 1141-A Cummings Road, Santa Paula, CA 93060; the email address is HR@CALAVO.COM. If you ever have any doubt about whether your conduct or that of another person violates this Code or compromises the Company's reputation, please discuss the issue with your supervisor or with our Director of Human Resources or you may report any concerns regarding the Company's internal accounting controls or auditing matters by calling 1-888-279- 6251 from the U.S. (option of English or Spanish). From Mexico you may call 001-800-840-7907 (option of Spanish or English). Both numbers allow for a confidential message to be left for our audit committee. A confidential message can also be left on line for our audit committee at www.ethicspoint.com.

Calavo's policy is not to allow retaliation for a report of unethical, dishonest or illegal behavior, or of any other violation of this Code or of other Calavo policies and procedures, if a director, officer or employee makes the report about another person's conduct in good faith. Directors, officers and employees are expected to cooperate in internal investigations regarding possible unethical, dishonest or illegal behavior or any

13. Renuncias y enmiendas a este código.

Renuncias o enmiendas a este código puede ser otorgada a cualquier director oficial y empleado por la Junta Directiva de Calavo, y cualquier renuncia será públicamente divulgada como lo es requerido por la ley o por los reglamentos del NASDAQ.

Este código puede ser enmendado solo por la Junta Directiva, y cualquier enmienda será prontamente divulgada y publicada como lo requiere la ley y los reglamentos del NASDAQ.

14. Aplicación de este código.

Una violación a este código por un director, oficial o empleado será sujeta a acciones disciplinarias, incluyendo la posibilidad de separación del empleo. El grado de disciplina impuesto por Calavo puede ser influido por el hecho de que la persona que violo el código voluntariamente, lo revelo y coopero con Calavo en la investigación subsecuente.

In algunos caso, la violación de este código puede constituir un ofensa criminal y es sujeta de persecución por autoridades federales o estatales.

15. Reportes de interés.

El entendimiento y la toma de acción inmediata de cualquier asunto que exista en relación con las finanzas, contabilidad y asuntos de auditoria son componentes esenciales de la habilidad de tomar acción y asegurar niveles altos de integridad. Los empleados dentro de EEUU deben reportar cualquier preocupación que tengan en relación con los controles financieros/contables o de auditoría de la empresa llamando al 1- 888-279-6251 o por Internet a www.ethicspoint.com para dejar un mensaje al Comité de Auditoría.

16. Acatamiento de procedimientos, y reporte de mala conducta u otras violaciones la ética.

Los directores, oficiales y empleados deberán reportar oportunamente cualquier conducta unética, deshonesto o cualquier comportamiento ilegal o cualquier violación a este código o políticas y procedimiento de Calavo, a nuestro Director de Recursos Humanos. El número de teléfono es 1-805-921- 3201 o a la siguiente dirección: 1141 —A Cummings Road, Santa Paula, CA 93060. Dirija por favor su correo electrónico a: HR@CALAVO.COM

Si en algún momento tiene duda acerca su conducta o si ve que la de otras personas viola este código o compromete la reputación de la compañía, discute con su supervisor o con Recursos Humanos. Usted puede reportar sus preocupaciones en referencia a los controles internos contables o de auditoría llamando al 1-888-279-6251 dentro de EEUU; En Mexico, favor de llamar 001-800-840-7907, tendrá la opción de dejar un mensaje confidencial en ingles o en español con nuestra Comité Auditoria. Para dejar su mensaje en confidencia por Internet visite el sitio www.ethicspoint.com.

La política de Calavo es no permitir venganza por el reporte de comportamientos no éticos y deshonestos, o cualquier violación a este código u otra política o procedimiento de Calavo, cuando el reporte es hecho de buena fe por un director, oficial o empleado. Se espera que los directores, oficiales y empleados,

other possible violation of this Code or of other Calavo policies and procedures.

cooperen con las investigaciones internas, en referencia a posible comportamiento no ético o ilegal, o cualquier violación a este código u otras políticas y procedimientos de Calavo.



Since 1924

The First Name in Avocados

CALAVO GROWERS, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
CODIGO DE ETICA Y CONDUCTA DE CALAVO GROWERS, INC.
Annual Employee Declaration
Declaracion Annual del Empleado

If you do not have a conflict of interest to disclosure, please sign below only.

I have read and understand the Calavo Growers business conduct and ethics policy and I agree to abide by this policy. I further declare that I have no conflicts of interest to declare.

Si usted no tiene un conflicto del interés al acceso, firme por favor abajo solamente.

Yo he leído y entendido la Política de Etica y Conducta del negocio de Calavo Growers y estoy de acuerdo en cumplir con esta política. Además declaro que no tengo conflicto de intereses que declarar.

/s/ Elizabeth Nicholson
Signature (Firma)

Elizabeth ("Lisa") Nicholson, Director
Printed Name and Title
(Escriba nombre y posición)

February 10, 2010
Date (Fecha)

If you do have a conflict of interest to disclosure, please sign below only.

I have read and understand the Calavo Growers business conduct and ethics policy and I agree to abide by this policy. I further declare that I have the following conflicts of interest to declare as explained below.

Si usted tiene un conflicto del interés al acceso, firme por favor abajo solamente.

Yo he leído y entendido la Política de Etica y Conducta del negocio de Calavo Growers y estoy de acuerdo en cumplir con esta política. Además declaro que tengo el siguiente conflicto de intereses como explicare aquí abajo.

Signature (Firma)

Printed Name and Title
(Escriba nombre y posición)

Date (Fecha)

EXHIBIT D

INTELLECTUAL PROPERTY ASSIGNMENT

THIS TRADEMARK ASSIGNMENT (this "Assignment") is made and entered into as of February 8, 2010 ("Effective Date") by and among Calavo Salsa Lisa, LLC, a Delaware limited liability company ("Assignee"), on the one hand, and Lisa's Salsa Company, a Minnesota corporation ("Company"), and Elizabeth Nicholson and Eric Nicholson, on the other hand (collectively, Company, Elizabeth Nicholson and Eric Nicholson are the "Assignor," and, together with Assignee, the "Parties").

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase and Contribution Agreement dated as of even date herewith (the "Agreement"); and

WHEREAS, pursuant to the Agreement, Assignor wishes to assign to Assignee, and Assignee wishes to acquire from Assignor, the United States federally registered trademark [***], and all associated rights and goodwill (the "Trademark").

NOW, THEREFORE, for good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, the Parties, intending to be legally bound, agree that, effective as of the date of the Agreement, Assignor hereby grants, assigns and quitclaims to Assignee, to the fullest extent possible, all of the Assignor's right, title, and interest to the Trademark (including all rights, registrations and applications therefor for the United States and throughout the world), together with all goodwill associated with the Mark, along with the right to recover for damages and profits for past infringements thereof.

Assignor agrees to execute and deliver, without further consideration, at the request of Assignee, all documents, instruments and assignments, and to cooperate and perform any other reasonable acts the Assignee may require in order to vest all Assignor's right, title and interest in and to the Mark in Assignee, including to effect proper filing and recordation with the United States Patent and Trademark Office of the assignment of the Mark to Assignee, and/or to provide evidence to support any of the foregoing in the event such evidence is deemed necessary by Assignee, to the extent such evidence is in the possession or control of Assignor.

Nothing herein contained shall itself change, amend, extend or alter (nor shall it be deemed or construed as changing, amending, extending or altering) the terms or conditions of the Agreement in any manner whatsoever. In the event of any conflict or other difference between the Agreement and this Assignment, the provisions of the Agreement shall control.

This Assignment shall be construed in accordance with and governed by the internal laws of the State of Delaware without regard to any conflicts of laws principles or provisions.

The terms of this Assignment cannot be altered, amended, changed or modified except by an instrument in writing signed by the Parties to be bound. This Assignment may be executed in counterparts, and once so signed, such counterparts shall constitute a single original document. This Assignment is executed and delivered pursuant to and subject to the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed by their duly authorized representatives as of the Effective Date.

ASSIGNOR:

LISA'S SALSA COMPANY

By: /s/ Elizabeth Nicholson
Name: Elizabeth ("Lisa") Nicholson
Title: President

By: /s/ Elizabeth Nicholson
Elizabeth ("Lisa") Nicholson

By: /s/ Eric Nicholson
Eric Nicholson

ASSIGNEE:

CALAVO SALSA LISA, LLC

By: /s/ Lecil E. Cole
Name: Lecil E. Cole
Title: Chief Executive Officer



AMENDMENT NO. 3 TO LOAN AGREEMENT

This Amendment No. 3 (this "Amendment") dated as of February 9, 2010, is between Bank of America, N.A. (the "Bank") and Calavo Growers, Inc., a California corporation (together, the "Borrower").

RECITALS

- A. The bank and the Borrower entered into a certain Business Loan Agreement dated as of October 15, 2007 (together with any previous amendments, the "Agreement").
- B. The Bank and the Borrower desire to amend the Agreement.

AGREEMENT

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Agreement.
2. Limited waiver. Bank hereby waives Borrower's failure to comply with Borrower's agreement to maintain the level of current assets in excess of current liabilities required under Section 7.18 of the Agreement for the Borrower's fiscal year ended October 31, 2009. Borrower understands and acknowledges that the foregoing waiver does not constitute a waiver of any other term, provision, or condition of the Agreement or of any document related thereto.
3. Amendments. The Agreement is hereby amended as follows:
- 3.1 Section 7.18 of the Agreement is amended and restated in its entirety to read as follows:
- 7.18 Working Capital. [Reserved].
4. Representations and Warranties. When the Borrower signs this Amendment, the Borrower represents and warrants to the Bank that; (a) there is no event, which is, or with notice or lapse of time or both would be, a default under the Agreement except those events, if any, that have been disclosed in writing to the Bank or waived in writing by the Bank, (b) the representations and warranties in the Agreement are true as of the date of this Amendment as if made on the date of this Amendment, (c) this Amendment does not conflict with any law, agreement or obligation by which the Borrower is bound, and (d) if the Borrower is a business entity or

a trust, this Amendment is within the Borrower's powers, has been duly authorized, and does not conflict with any of the Borrower's organizational papers.

5. Conditions. This Amendment will be effective when the Bank receives the following items, in form and content acceptable to the Bank:

4.1 A copy of this Amendment executed by Borrower.

4.2 If the Borrower or any guarantor is anything other than a natural person, evidence that the execution, delivery and performance by the Borrower and/or such guarantor of this Amendment and any instrument or agreement required under this Amendment have been duly authorized.

4.3 Payment by the Borrower of all costs, expenses and attorneys' fees (including allocated costs for in-house legal services) incurred by the Bank in connection with this Amendment.

6. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect.

7. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

8. FINAL AGREEMENT. BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THIS DOCUMENT REPRESENTS THE FINAL AGREEMENT BETWEEN PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF, (B) THIS DOCUMENT SUPERSEDES ANY COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS RELATING TO THE SUBJECT MATTER HEREOF, UNLESS SUCH COMMITMENT LETTER, TERM SHEET OR OTHER WRITTEN OUTLINE OF TERMS AND CONDITIONS EXPRESSLY PROVIDES TO THE CONTRARY, (C) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (D) THIS DOCUMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

[Balance of page intentionally left blank.]

This Amendment is executed as of the date stated at the beginning of this Amendment.

Bank of America, N.A.

By /s/ Renee Gordon
Name: Renee Gordon
Title: Assistant Vice President

Borrower: Calavo Growers, Inc., a California corporation

By /s/ James Snyder
Name: James Snyder
Title: Corporate Controller

TERM REVOLVING CREDIT AGREEMENT

THIS TERM REVOLVING CREDIT AGREEMENT (“Agreement”) is entered into as of April 9, 2008, between **FARM CREDIT WEST, PCA**, Visalia, California (“FCW”) and **CALAVO GROWERS, INC.**, Santa Paula, California (the “Company”).

SECTION 1. The Credit Facility. On the terms and conditions set forth in this Agreement, FCW agrees to make advances to the Company during the period set forth below in an aggregate principal amount not to exceed \$30,000,000.00 (the “Commitment”). The Agreement and Commitment is executed, delivered and accepted not in payment of but for the purpose of amending, restating and replacing the following described obligations, and renewing any unpaid balance(s) evidenced thereby: Note dated June 7, 2007, in the principal amount of \$20,000,000.00. Furthermore, the Commitment also evidences an additional loan advance(s) to the extent the Commitment under this Agreement exceeds the renewed unpaid balance(s) referred to above.

SECTION 2. Sale of Interest. The Company acknowledges that FCW has the option to participate all or a portion of the Commitment with one or more lenders, including CoBank, ACB (“CoBank”). All advances hereunder shall be made by CoBank as agent for FCW and all repayments by the Company hereunder shall be made to CoBank as agent for FCW.

SECTION 3. Purpose. The purpose of the Commitment is to finance the purchase and installation of capital items and other corporate needs of the Company.

SECTION 4. Term. The term of the Commitment shall be from the date hereof, up to and including February 1, 2012.

SECTION 5. Availability. Subject to the provisions of Section 25, advances will be made available on any day on which FCW, CoBank, and the Federal Reserve Banks are open for business upon the telephonic or written request of the Company. Requests for advances must be received no later than 12:00 Noon, Company’s local time, on the date the advance is desired. Advances will be made available by CoBank by wire transfer of immediately available funds to such account or accounts as may be authorized by the Company. The Company shall furnish to CoBank a duly completed and executed copy of a CoBank Delegation and Wire and Electronic Transfer Authorization Form, and CoBank shall be entitled to rely on (and shall incur no liability to the Company in acting on) any request or direction furnished in accordance with the terms thereof.

SECTION 6. Interest and Fees.

(A) Interest. The Company agrees to pay interest on the unpaid balance of the Commitment in accordance with the following interest rate option:

(1) 7-Day LIBOR Index Rate. At a rate (rounded upward to the nearest 1/100th% and adjusted for reserves required on “Eurocurrency Liabilities” (as hereinafter defined) for banks subject to “FRB Regulation D” (as hereinafter defined) or required by any other federal law or

regulation) per annum equal at all times to 125 basis points (1.25%) above the annual rate quoted by the British Bankers Association (the "BBA") at 11:00 a.m. London time for the offering of seven (7) day of U.S. dollars deposits, as published by Bloomberg or another major information vendor listed on BBA's official website on the first U.S. Banking Day (as hereinafter defined) in each week with such rate to change weekly on such day. The rate shall be reset automatically, without the necessity of notice being provided to the Company or any other party, on the first U.S. Banking Day of each succeeding week and each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request. For purposes hereof (a) "U.S. Banking Day" shall mean a day on which CoBank is open for business, dealings in U.S. dollar deposits are being carried out in the London interbank market, and banks are open for business in New York City and London, England; (b) "Eurocurrency Liabilities" shall have meaning as set forth in "FRB Regulation D"; and (c) "FRB Regulation D" shall mean Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Part 204, as amended.

(2) LIBOR. At a fixed rate per annum equal to "LIBOR" (as hereinafter defined) plus 125 basis points (1.25%). Under this option: (1) rates may be fixed for "Interest Periods" (as hereinafter defined) of 1, 2, 3, 6, 9, 12, 24, 36 or 48 months as selected by the Company; (2) amounts may be fixed in increments of \$100,000.00 or multiples thereof; (3) the maximum number of fixes in place at any one time shall be 10; and (4) rates may only be fixed on a "Banking Day" (as hereinafter defined) on 3 Banking Days' prior written notice. For purposes hereof: (a) "LIBOR" shall mean the rate (rounded upward to the nearest sixteenth) and adjusted for reserves required on "Eurocurrency Liabilities" (as hereinafter defined) for banks subject to "FRB Regulation D" (as herein defined) or required by any other federal law or regulation) quoted by the British Bankers Association (the "BBA") at 11:00 a.m. London time 2 Banking Days before the commencement of the Interest Period for the offering of U.S. dollar deposits in the London interbank market for the Interest Period designated by the Company; as published by Bloomberg or another major information vendor listed on BBA's official website; (b) "Banking Day" shall mean a day on which CoBank is open for business, dealings in U.S. dollar deposits are being carried out in the London interbank market, and banks are open for business in New York City and London, England; (c) "Interest Period" shall mean a period commencing on the date this option is to take effect and ending on the numerically corresponding day in the next calendar month or the month that is 2, 3, 6, 9, 12, 24, 36 or 48 months thereafter, as the case may be; provided, however, that: (i) in the event such ending day is not a Banking Day, such period shall be extended to the next Banking Day unless such next Banking Day falls in the next calendar month, in which case it shall end on the preceding Banking Day; and (ii) if there is no numerically corresponding day in the month, then such period shall end on the last Banking Day in the relevant month; (d) "Eurocurrency Liabilities" shall have meaning as set forth in "FRB Regulation D"; and (e) "FRB Regulation D" shall mean Regulation D as promulgated by the Board of Governors of the Federal Reserve System, 12 CFR Part 204, as amended.

(3) Fixed Rate. At a fixed rate per annum to be quoted by FCW and CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to FCW and CoBank in its sole discretion in each instance, provided that: (1) the minimum fixed period shall be 1 years; (2) amounts may be fixed in

increments of \$100,000.00 or multiples thereof; and (3) the maximum number of fixes in place at any one time shall be 10.

The Company shall select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. Upon the expiration of any fixed rate period, interest shall automatically accrue at the variable rate option provided for above unless the amount fixed is repaid or fixed for an additional period in accordance with the terms hereof. Notwithstanding the foregoing, rates may not be fixed in such a manner as to cause the Company to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein shall be made telephonically or in writing and must be received by 12:00 Noon Company's local time. Interest shall be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month or on such other day in such month as CoBank shall require in a written notice to the Company.

(B) Commitment Fee. In consideration of the Commitment, the Company agrees to pay to FCW a commitment fee on the average daily unused portion of the Commitment at the rate of 0.15% per annum (calculated on a 360 day basis based on utilization, which is defined as outstanding advances plus issued and outstanding letters of credit divided by the total available amount of the Commitment), payable quarterly in arrears by the 20th day following each quarter. Such fee shall be payable for each quarter (or portion thereof) occurring during the original or any extended term of the Commitment.

SECTION 7. Repayment and Maturity. The unpaid principal balance of the Commitment shall mature and be due and payable on February 1, 2012 (the "Maturity Date").

SECTION 8. Promissory Note. The Company's obligation to repay the Commitment shall be evidenced by a promissory note in the form attached hereto as **Exhibit A ("Note")**.

SECTION 9. Manner and Time of Payment. CoBank shall maintain a record of all loans, the interest accrued thereon, and all payments made with respect thereto, and such record shall, absent proof of manifest error, be conclusive evidence of the outstanding principal and interest on the loans. All payments shall be made by wire transfer of immediately available funds, by check, or by automated clearing house or other similar cash handling processes as specified by separate agreement between the Company and CoBank. Wire transfers shall be made to ABA No. 307088754 for advice to and credit of CoBank (or to such other account as CoBank may direct by notice). The Company shall give CoBank telephonic notice no later than 12:00 Noon Company's local time of its intent to pay by wire and funds received after 3:00 p.m. Company's local time shall be credited on the next business day. Checks shall be mailed to CoBank, Department 167, Denver, Colorado 80291-0167 (or to such other place as CoBank may direct by notice). Credit for payment by check will not be given until the later of: (a) the day on which CoBank receives immediately available funds; or (b) the next business day after receipt of the check all as set forth in the **Servicing Agreement** between Borrower, FCW, and CoBank in form attached hereto as **Exhibit B**.

SECTION 10. Capitalization. The Company has purchased a \$1,000.00 stock investment under FCW's capitalization plan. The Company understands that FCW's stock is at risk and that any reference to "FCW equities" or to "stock or participation certificates required by Lender's bylaws" in any document, agreement or Loan Document shall mean the FCW stock investment described herein.

SECTION 11. Patronage. The Commitment is eligible for patronage under the plan and in accordance with the provisions of FCW's bylaws and its practices and procedures related to patronage distribution and as set forth in Section 27.

SECTION 12. Security. The Company's obligations under this Agreement and the Note shall be secured by a statutory first lien on all equity which the Company may now own or hereafter acquire in FCW. With the exception of the security referenced in the preceding sentence, the Company's obligations under this Agreement and the Note shall be unsecured,

SECTION 13. Conditions Precedent. FCW's obligation to make advances hereunder is subject to the condition precedent that FCW receive, in form and content satisfactory to FCW, each of the following:

(A) **Agreement.** A duly executed copy of this Agreement and all instruments and documents contemplated hereby.

(B) **Evidence of Authority.** Such certified board resolutions, evidence of incumbency, and other evidence that FCW may require that this Agreement and the Note have been duly authorized and executed.

(C) **Fees and Other Charges.** All fees and other charges provided for herein.

(D) **Evidence of Insurance.** Such evidence as FCW may require that the Company is in compliance with Section 15(C) hereof

(E) **Event of Default.** That no "Event of Default" (as defined in Section 18 hereof) or event which with the giving of notice and/or the passage of time would become an Event of Default hereunder (a "Potential Default"), shall have occurred and be continuing.

SECTION 14. Representations and Warranties.

(A) **Agreement.** The Company represents and warrants to FCW that as of the date of this Agreement:

(1) **Compliance.** The Company and, to the extent contemplated hereunder, each "Subsidiary" (as defined below), is in compliance with all of the terms of this Agreement, and no Event of Default or Potential Default exists hereunder.

(2) Subsidiaries. The Company has the following Subsidiaries: Calavo de Mexico S.A. de C.V.; and Calavo Foods de Mexico S.A. de C.V. For purposes hereof, a “Subsidiary” shall mean a corporation of which shares of stock having ordinary voting power to elect a majority of the board of directors or other managers of such corporation are owned, directly or indirectly, by the Company.

(3) Conflicting Agreements. This Agreement and the Note (collectively, at any time, the “Loan Documents”), do not conflict with, or require the consent of any party to, any other agreement to which the Company is a party or by which it or its property may be bound or affected, and do not conflict with any provision of the Company’s bylaws, articles of incorporation, or other organizational documents.

(4) Compliance. The Company and, to the extent contemplated hereunder, each Subsidiary, if any, is in compliance with all of the terms of the Loan Documents.

(5) Binding Agreement. The Loan Documents create legal, valid, and binding obligations of the Company which are enforceable in accordance with their terms, except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, or similar laws affecting creditors’ rights generally.

SECTION 15. Affirmative Covenants. Unless otherwise agreed to in writing by FCW, while this Agreement is in effect, the Company agrees to and with respect to Subsections 15(A) through 15(F) hereof, agrees to cause each Subsidiary, if any, to:

(A) Corporate Existence, Licenses. (i) Preserve and keep in full force and effect its existence and good standing in the jurisdiction of its incorporation or formation; (ii) qualify and remain qualified to transact business in all jurisdictions where such qualification is required; and (iii) obtain and maintain all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or required by law, rule, regulation, ordinance, code, order, and the like (collectively, “Laws”).

(B) Compliance with Laws. Comply in all material respects with all applicable Laws, including, without limitation, all Laws relating to environmental protection. In addition, the Company agrees to cause all persons occupying or present on any of its properties, and to cause each Subsidiary, if any, to cause all persons occupying or present on any of its properties, to comply in all material respects with all environmental protection Laws.

(C) Insurance. Maintain insurance with insurance companies or associations acceptable to FCW in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as FCW may request. At FCW’s request, all policies (or such other proof of compliance with this Subsection as may be satisfactory to FCW) shall be delivered to FCW.

(D) Property Maintenance. Maintain all of its property that is necessary to or useful in the proper conduct of its business in good working condition, ordinary wear and tear excepted.

(E) Books and Records. Keep adequate records and books of account in which complete entries will be made in accordance with generally accepted accounting principles ("GAAP") consistently applied.

(F) Inspection. Permit FCW or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to examine its properties, books, and records, and to discuss its affairs, finances, and accounts, with its respective officers, directors, employees, and independent certified public accountants.

(G) Reports and Notices. Furnish to FCW:

(1) Annual Financial Statements. As soon as available, but in no event more than 90 days after the end of each fiscal year of the Company occurring during the term hereof, annual consolidated and consolidating financial statements of the Company and its consolidated Subsidiaries, if any, prepared in accordance with GAAP consistently applied. Such financial statements shall: (a) be audited by independent certified public accountants selected by the Company and acceptable to FCW; (b) be accompanied by a report of such accountants containing an opinion thereon acceptable to FCW; (c) be prepared in reasonable detail and in comparative form; and (d) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

(2) Interim Financial Statements. As soon as available, but in no event more than 45 days after the end of each fiscal quarter, a consolidated balance sheet of the Company and its consolidated Subsidiaries, if any, as of the end of such quarter, a consolidated statement of income for the Company and its consolidated Subsidiaries, if any, for such period and for the period year to date, and such other interim statements as FCW may specifically request, all prepared in reasonable detail and in comparative form in accordance with GAAP consistently applied and certified by an authorized officer or employee of the Company acceptable to FCW.

(3) Notice of Default. Promptly after becoming aware thereof, notice of the occurrence of an Event of Default or a Potential Default.

(4) Notice of Non-Environmental Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Company or any Subsidiary which, if determined adversely to the Company or any such Subsidiary, could have a material adverse effect on the financial condition, properties, profits, or operations of the Company or any such Subsidiary.

(5) Notice of Environmental Litigation. Promptly after receipt thereof, notice of the receipt of all pleadings, orders, complaints, indictments, or any other communication alleging a condition that may require the Company or any Subsidiary to undertake or to

contribute to a cleanup or other response under environmental Laws, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such Laws, or which claim personal injury or property damage to any person as a result of environmental factors or conditions.

(6) Bylaws and Articles. Promptly after any change in the Company's bylaws or articles of incorporation (or like documents), copies of all such changes, certified by the Company's Secretary.

(7) Other Information. Such other information regarding the condition or operations, financial or otherwise, of the Company or any Subsidiary as FCW may from time to time reasonably request, including but not limited to copies of all pleadings, notices, and communications referred to in Subsections 15(G)(4) and (5) above.

(8) Financial Certificate. Together with each set of financial statements furnished to FCW pursuant to Section 15(G)(1), and each quarterly statement submitted pursuant to Section 15(G)(2) for a period corresponding to a period for which one or more of the financial covenants set forth in Section 17 hereof are required to be tested, a certificate of an officer or employee of the Company acceptable to FCW setting forth calculations showing compliance with each of the financial covenants that require compliance at the end of the period for which the statements are being furnished.

(H) Certain Organizational Changes. Provide FCW with prior notice (and as early as practicable) of any merger, consolidation reorganization under a different provision of law, acquisition of all or a material part of the assets of another organization, change of name, adoption of any trade name, or creation of any Subsidiary, affiliate or material joint venture(s). For purposes of this covenant, joint venture transaction(s), which alone or in the aggregate exceed \$1,000,000, are considered material.

SECTION 16. Negative Covenants. Unless otherwise agreed to in writing by FCW, which agreement will not be unreasonably withheld, while this Agreement is in effect, the Company will not:

(A) Borrowings. Create, incur, assume, or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money (including trade or bankers' acceptances), letters of credit, or the deferred purchase price of property or services (including capitalized leases), except for: (i) debt to FCW; (ii) accounts payable to trade creditors incurred in the ordinary course of business; and (iii) current operating liabilities (other than for borrowed money) incurred in the ordinary course of business; (iv) debt of the Company to Bank of America in an amount not to exceed \$10,000,000.00 and all extensions, renewals, and refinancing thereof; (v) letters of credit issued by any bank for the account of the Company in an aggregate face amount not to exceed \$5,000,000.00 at any one time outstanding; and (vi) capitalized leases existing on the date hereof existing from time to time.

(B) Liens. Create, incur, assume, or allow to exist any mortgage, deed of trust, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal (collectively, "Liens"). The foregoing restrictions shall not apply to: (i) Liens in favor of FCW or CoBank; (ii) Liens for taxes, assessments, or governmental charges that are not past due; (iii) Liens and deposits under workers' compensation, unemployment insurance, and social security Laws; (iv) Liens and deposits to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), and like obligations arising in the ordinary course of business as conducted on the date hereof; (v) Liens imposed by Law in favor of mechanics, materialmen, warehousemen, and like persons that secure obligations that are not past due; and (vi) easements, rights-of-way, restrictions, and other similar encumbrances which, in the aggregate, do not materially interfere with the occupation, use, and enjoyment of the property or assets encumbered thereby in the normal course of its business or materially impair the value of the property subject thereto.

(C) Transfer of Assets. Sell, transfer, lease, or otherwise dispose of any of its assets, except in the ordinary course of business.

(D) Contingent Liabilities. Assume, guarantee, become liable as a surety, endorse, contingently agree to purchase, or otherwise be or become liable, directly or indirectly (including, but not limited to, by means of a maintenance agreement, an asset or stock purchase agreement, or any other agreement designed to ensure any creditor against loss), for or on account of the obligation of any person or entity, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Company's business.

(E) Change in Business. Engage in any business activities or operations substantially different from or unrelated to the Company's present business activities or operations.

SECTION 17. Financial Covenants. Unless otherwise agreed to in writing, while this Agreement is in effect:

(A) Working Capital. The Company will maintain, on a consolidated basis, current assets in excess of current liabilities of at least Fifteen Million Dollars (\$15,000,000), measured on a quarterly basis beginning January 31, 2008

(B) Tangible Net Worth. The Company will maintain, on a consolidated basis, a "Tangible Net Worth" equal to at least Thirty-Two Million Five Hundred Thousand Dollars (\$32,500,000.00), measured on a quarterly basis. "Tangible Net Worth" means the value of total assets (including leaseholds and leasehold improvements and reserves against assets but excluding goodwill, patents, trademarks, trade names, organization expense, unamortized debt discount and expense, capitalized or deferred research and development costs, deferred marketing expenses, and other like intangibles, and monies due from affiliates, officers, directors, employees, shareholders, members or managers) less total liabilities, including but not limited to accrued and deferred income taxes, but excluding the non-current portion of

Subordinated Liabilities. "Subordinated Liabilities" means liabilities subordinated to the Borrower's obligations to FCW in a manner acceptable to FCW in its sole discretion.

(C) EBITDA. The Company will maintain an "EBITDA" of at least Seven Million Five Hundred Thousand Dollars (\$7,500,000.00). "EBITDA" means net income, less income or plus loss from discontinued operations and extraordinary items, plus income taxes, plus interest expense, plus depreciation, depletion, and amortization. This covenant will be calculated at the end of each reporting period for which FCW requires financial statements, using the results of the twelve-month period ending with that reporting period.

SECTION 18. Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement:

(A) Payment Default. The Company should fail to make any payment when due.

(B) Representations and Warranties. Any representation or warranty made or deemed made by the Company herein or in the Note, application, agreement, certificate, or other document related to or furnished in connection with this Agreement or the Note, shall prove to have been false or misleading in any material respect on or as of the date made or deemed made.

(C) Certain Affirmative Covenants. The Company or, to the extent required hereunder, any Subsidiary should fail to perform or comply with Sections 15(A) through 15(G)(2), and 15(G)(6) and such failure continues for 15 days after written notice thereof shall have been delivered by FCW to the Company.

(D) Other Covenants and Agreements. The Company or, to the extent required hereunder, any Subsidiary should fail to perform or comply with any other covenant or agreement contained herein or in any other Loan Document or shall use the proceeds of any loan for an unauthorized purpose.

(E) Cross-Default. The Company should, after any applicable grace period, breach or be in default under the terms of any other agreement between the Company and FCW.

(F) Other Indebtedness. The Company or any Subsidiary should fail to pay when due any indebtedness to any other person or entity for borrowed money or any long-term obligation for the deferred purchase price of property (including any capitalized lease), or any other event occurs which, under any agreement or instrument relating to such indebtedness or obligation, has the effect of accelerating or permitting the acceleration of such indebtedness or obligation, whether or not such indebtedness or obligation is actually accelerated or the right to accelerate is conditioned on the giving of notice, the passage of time, or otherwise.

(G) Judgments. A judgment, decree, or order for the payment of money shall be rendered against the Company or any Subsidiary and either: (i) enforcement proceedings shall have been commenced; (ii) a Lien prohibited under Section 10(B) hereof shall have been obtained; or (iii) such judgment, decree, or order shall continue unsatisfied and in effect for a

period of 20 consecutive days without being vacated, discharged, satisfied, or stayed pending appeal.

(H) Insolvency. The Company or any Subsidiary shall: (i) become insolvent or shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they come due; or (ii) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (iii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (iv) commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation Law of any jurisdiction.

(I) Material Adverse Change. Any material adverse change occurs, as reasonably determined by FCW, in the Company's financial condition, results of operation, or ability to perform its obligations hereunder or under any instrument or document contemplated hereby. Material Adverse Change means any event, occurrence or circumstance that has a material negative effect on (i) the business, operations, property, financial condition or prospects of the Company, or (ii) the validity or enforcement of any of the Loan Documents or the rights or remedies of the Lenders hereunder, or (iii) the ability of the Company to perform its obligations under any of the Loan Documents.

SECTION 19. Remedies. Upon the occurrence and during the continuance of an Event of Default or any Potential Default, FCW shall have no obligation to continue to extend credit to the Company and may discontinue doing so at any time without prior notice. For all purposes hereof, the term "Potential Default" means the occurrence of any event which, with the passage of time or the giving of notice or both would become an Event of Default. In addition, upon the occurrence and during the continuance of any Event of Default, FCW may, upon notice to the Company, terminate any commitment and declare the entire unpaid principal balance of the loans, all accrued interest thereon, and all other amounts payable under this Agreement, all Supplements, and the other Loan Documents to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the loans and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Company. In addition, upon such an acceleration:

(A) Enforcement. FCW may proceed to protect, exercise, and enforce such rights and remedies as may be provided by this Agreement, any other Loan Document or under Law. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of FCW to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any other or future exercise thereof, or the exercise of any other right. Without limiting the foregoing, FCW may hold and/or set off and apply against the Company's obligations to FCW any cash collateral held by FCW, or any balances held by FCW for the Company's account (whether or not such balances are then due).

(B) Application of Funds. CoBank may apply all payments received by it to the Company's obligations to FCW in such order and manner as FCW may elect in its sole discretion.

In addition to the rights and remedies set forth above: (i) if the Company fails to make any payment when due, then at FCW's option in each instance, such payment shall bear interest from the date due to the date paid at 2% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan; and (ii) after the maturity of any loan (whether as a result of acceleration or otherwise), the unpaid principal balance of such loan (including without limitation, principal, interest, fees and expenses) shall automatically bear interest at 2% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan. All interest provided for herein shall be payable on demand and shall be calculated on the basis of a year consisting of 365 days.

SECTION 20. Broken Funding Surcharge. Notwithstanding any provision contained in the Note giving the Company the right to repay any loan prior to the date it would otherwise be due and payable, the Company agrees to provide three Business Days' prior written notice for any prepayment of a fixed rate balance and that in the event it repays any fixed rate balance prior to its scheduled due date or prior to the last day of the fixed rate period applicable thereto (whether such payment is made voluntarily, as a result of an acceleration, or otherwise), the Company will pay to CoBank a surcharge in an amount equal to the greater of: (i) an amount which would result in FCW being made whole (on a present value basis) for the actual or imputed funding losses incurred by FCW as a result thereof; or (ii) \$300.00. Notwithstanding the foregoing, in the event any fixed rate balance is repaid as a result of the Company refinancing the loan with another lender or by other means, then in lieu of the foregoing, the Company shall pay to CoBank a surcharge in an amount sufficient (on a present value basis) to enable FCW to maintain the yield it would have earned during the fixed rate period on the amount repaid. Such surcharges will be calculated in accordance with methodology established by FCW (a copy of which will be made available to the Company upon request).

SECTION 21. Complete Agreement, Amendments. This Agreement the Note, and all other instruments and documents contemplated hereby and thereby, are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure by the Company herefrom or therefrom, shall be effective unless approved by FCW and contained in a writing signed by or on behalf of FCW, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Additionally, any headings used in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of any term or provision. As used herein, the word "including" means "including without limitation" and/or "including but not limited to".

SECTION 22. Applicable Law. Except to the extent governed by applicable federal law, this Agreement and the Note shall be governed by and construed in accordance with the laws of the State of California, without reference to choice of law doctrine.

SECTION 23. Notices. All notices hereunder shall be in writing and shall be deemed to be duly given upon delivery if personally delivered or sent by telegram or facsimile transmission, or 3 days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address for a party as shall be specified by like notice):

If to FCW, as follows:

Farm Credit West, PCA
2929 W. Main Street, Suite A
Visalia, CA 93291-5700

Attention: James K. Neeley
Fax No.: 559-627-4728

If to the Company, as follows:

Calavo Growers, Inc.
Attn: Vice President-Finance
1141-A Cummings Road
Santa Paula, CA 93060
Fax No: (805) 921-3232

SECTION 24. Taxes and Expenses. To the extent allowed by law, the Company agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained by FCW) incurred by FCW in connection with the administration, collection, and enforcement of this Agreement and the other Loan Documents, including, without limitation, all costs and expenses incurred in perfecting, maintaining, determining the priority of, and releasing any security for the Company's obligations to FCW, and any stamp, intangible, transfer, or like tax payable in connection with this Agreement or any other Loan Document.

SECTION 25. Effectiveness and Severability. This Agreement shall continue in effect until: (i) all indebtedness and obligations of the Company under this Agreement, the Note, and all other Loan Documents shall have been paid or satisfied; and (ii) FCW has no commitment to extend credit to or for the account of the Company hereunder. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof,

SECTION 26. Successors and Assigns. This Agreement, the Note, and the other Loan Documents shall be binding upon and inure to the benefit of the Company and FCW and their respective successors and assigns, except that the Company may not assign or transfer its rights or obligations under this Agreement, the Note or any other Loan Document without the prior written consent of FCW.

SECTION 27. Participations. From time to time, FCW may sell to one or more banks, financial institutions or other lenders a participation in all or a portion of the Commitment or other extensions of credit made pursuant to this Agreement. However, no such participation shall relieve FCW of any commitment made to the Company hereunder, or any obligation FCW may have to pay patronage due the Company from FCW under the provisions of the bylaws of FCW and its practices and procedures related to patronage distribution. In connection with the foregoing, FCW may disclose information concerning the Company and its Subsidiaries to any

participant or prospective participant, provided that such participant or prospective participant agrees to keep such information confidential. Accordingly, all interests in the Commitment that is included in a sale of participation interests shall not be entitled to patronage distributions. A sale of participation interest may include certain voting rights of the participants regarding the Commitment hereunder (including without limitation the administration, servicing and enforcement thereof). FCW agrees to give written notification to the Company of any sale of participation interests.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date shown above.

FARM CREDIT WEST, PCA

CALAVO GROWERS, INC. a California Corporation

By: /s/ James K. Neeley
James K. Neeley
Title: Sr. Vice President

By: /s/ Arthur J. Bruno
Arthur J. Bruno,
Title: Chief Operating Officer, Chief
Financial Officer & Corporate
Secretary

By: /s/ Scott H. Runge
Scott H. Runge,
Title Treasurer

EXHIBIT A
PROMISSORY NOTE

\$30,000,000.00

April 9, 2008

FOR VALUE RECEIVED, on the Maturity Date as set forth in that certain Term Revolving Credit Agreement dated April 9, 2008, or in any amendments thereto (the "Agreement"), the undersigned promises to pay to the order of Farm Credit West, PCA (the "Payee"), or order, at the place and in the manner set forth in the Agreement, the principal amount of THIRTY MILLION DOLLARS (\$30,000,000.00). The undersigned promises to pay interest on the principal amount hereof remaining unpaid from time to time from the date hereon until the date of payment in full, payable as provided below under "Repayment Terms".

This note is given for advances to be made by Payee to the undersigned from time to time in accordance with the terms and conditions of the Agreement, all the terms and conditions of which are incorporated herein by reference. Advances, accrued interest, and payments shall be posted by the Payee upon an appropriate accounting record, shall be prima facie evidence as to all such amounts and shall be binding on the undersigned absent manifest error. The total of such advances may not exceed the face amount of this note. This note is executed, delivered and accepted not in payment of but for the purpose of amending, restating and replacing the following described obligations; and renewing any unpaid balance(s) evidenced thereby: note dated June 7, 2007, in the principal amount of \$20,000,000.00. Furthermore, this note also evidences an additional loan advance(s) to the extent the note exceeds the renewed unpaid balance(s) last referred to above.

Repayment Terms: The undersigned shall pay to Payee, **for Account 101**, Forty-five (45) monthly interest only payments, in the amount billed, beginning on May 01, 2008; and One (1) installment of interest in the amount billed plus principal of any amount necessary to pay the Account 101 in full on February 1, 2012; and **for Account 102**, Two (2) monthly interest only payments, in the amount billed, beginning on May 01, 2008; and One (1) installment of interest in the amount billed plus principal of any amount necessary to pay Account 102 in full on July 1, 2008; and **for Account 103**, Fourteen (14) monthly interest only payments in the amount billed, beginning on May 1, 2008; and One (1) installment of interest in the amount billed plus principal of any amount necessary to pay the Account 103 in full on July 1, 2009; and **for Account 104**, Twenty-six (26) monthly interest only payments in the amount billed, beginning on May 1, 2008; and One (1) installment of interest in the amount billed plus principal of any amount necessary to pay the Account 104 in full on July 1, 2010; and **for Account 105**, Thirty-eight monthly (38) interest only payments, in the amount billed, beginning on May 1, 2008; and One (1) installment of interest in the amount billed plus principal of any amount necessary to pay the Account 105 in full on July 1, 2011. Payments, other than those required as specified in this Section or in the Agreement, may be made at any time and in any amount during the term of this note, unless limited or prohibited herein or unless otherwise required by FCW in writing. This note is due and payable in full on February 1, 2012 ("Maturity Date"), at which time the undersigned shall pay the unpaid principal balance and all accrued interest in full. Any amount of principal hereof which is not paid when due, whether at stated maturity, by acceleration or otherwise, shall bear interest from the date when due until said principal is paid in full, payable on demand, at a rate per annum set forth in the Agreement.

The makers or endorsers hereof hereby waive presentment for payment, demand, protest, and notice of dishonor and nonpayment of this note, and all defenses on the ground of delay or of any extension of time for the payment hereof which may be hereafter given by the holder or holders hereof to them or either of them or to anyone who has assumed the payment of this note, and it is specifically agreed that the obligations of said makers or endorsers shall not be in anyway affected or

altered to the prejudice of the holder or holders hereof by reason of the assumption of payment of the same by any other person or entity.

The undersigned hereby promises to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements, whether or not an action is filed in connection therewith.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA. REPRESENTATIVES OF FCW ARE NOT AUTHORIZED TO MAKE ANY ORAL AGREEMENTS OR ASSURANCES. DO NOT SIGN THIS NOTE IF YOU BELIEVE THAT THERE ARE ANY AGREEMENTS OR UNDERSTANDING BETWEEN YOU AND FCW THAT ARE NOT SET FORTH IN WRITING IN THIS NOTE, THE AGREEMENT OR OTHER LOAN DOCUMENTS EVIDENCING THE COMMITMENT.

CALAVO GROWERS, INC.

By: /s/ Arthur J. Bruno
Arthur J. Bruno,
Chief Operating Officer, Chief Financial
Officer & Corporate Secretary

By: /s/ Scott. H. Runge
Scott. H. Runge, Treasurer

INDORSEMENT — The within Note is hereby indorsed by the payee named in the body of said Note as if the name of the payee were actually executed under the indorsement.

PAY TO THE ORDER OF U.S. AgBANK, FCB, Wichita, Kansas

EXHIBIT BSERVICING AGREEMENT

April 9, 2008

Pursuant to Section 9 of the Term Revolving Credit Agreement dated April 9, 2008 ("Agreement") between Farm Credit West, PCA and CALAVO GROWERS, Inc., a California Corporation, the undersigns acknowledges and confirms the agreement to have CoBank, ACB perform the services as described below:

Manner and Time of Payment. CoBank shall maintain a record of all loans, the interest accrued thereon, and all payments made with respect thereto, and such record shall, absent proof of manifest error, be conclusive evidence of the outstanding principal and interest on the loans. All payments shall be made by wire transfer of immediately available funds, by check, or by automated clearing house or other similar cash handling processes as specified by separate agreement between the Calavo Growers ("Company") and CoBank. Wire transfers shall be made to ABA No: 307088754 for advice to and credit of CoBank (or to such other account as CoBank may direct by notice): The Company shall give CoBank telephonic notice no later than 12:00 Noon Company's local time of its intent to pay by wire and funds received after 3:00 p.m. Company's local time shall be credited on the next business day. Checks shall be mailed to CoBank Department 167, Denver, Colorado 80291-0167 (or to such other place as CoBank may direct by notice). Credit for payment by check will not be given until the later of: (a) the day on which CoBank receives immediately available funds; or (b) the next business day after receipt of the check.

Farm Credit West, PCA

By: /s/ James K. Neeley
James K. Neeley, Sr. Vice President

CALAVO GROWERS, INC.

By: /s/ Arthur J. Bruno
Arthur J. Bruno,
Chief Operating Officer, Chief Financial
Officer & Corporate Secretary

By: /s/ Scott H. Runge
Scott. H. Runge, Treasurer

CoBank, ACB

By: /s/ Ed Nishio
Ed Nishio
CoBank, ACB

Text marked by [* * *] has been omitted pursuant to a Request for Confidential Treatment and was filed separately with the Securities and Exchange Commission.

EXECUTION VERSION

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

OF

CALAVO SALSA LISA, LLC

Dated as of

February 8, 2010

This LLC agreement (and the Promissory note and Security agreement)

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

FOR

CALAVO SALSA LISA, LLC

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT is entered into and shall be effective as of February 8, 2010, among Calavo Salsa Lisa, LLC, a Delaware limited liability company (the "Company"); Calavo Growers, Inc., a California corporation ("Calavo"); Lisa's Salsa Company, a Minnesota corporation ("LSC") and Elizabeth Nicholson and Eric Nicholson (jointly, the "LSC Owners"). Calavo and LSC are executing and delivering this Agreement as "Members" pursuant to the provisions of the Delaware LLC Act (as hereinafter defined), on the terms and conditions set forth herein. As of the date of this Agreement, neither Elizabeth Nicholson nor Eric Nicholson is a Member, but they are signing as the holders of all of the equity interests of LSC.

RECITALS

WHEREAS, the Company has been formed as a limited liability company by filing its Certificate of Formation with the Delaware Secretary of State pursuant to the Delaware LLC Act, and is governed by that certain letter agreement, dated as of January 8, 2010 (the "Original Operating Agreement"), between the Company and Calavo;

WHEREAS, in connection with, and as a condition to, the consummation of the transactions contemplated by that certain Asset Purchase and Contribution Agreement, dated the same date herewith, by and among the Company, Calavo, LSC and the LSC Owners (the "Asset Purchase Agreement"), the Company and the Members desire to amend and restate the Original Operating Agreement in its entirety and replace it with this Agreement;

WHEREAS, the Members wish to continue the Company as a limited liability company pursuant to the provisions of the Delaware LLC Act and to set forth the ownership interests and capitalization described herein and the terms and provisions under which the Company will operate by the adoption of this Agreement.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 Definitions. As used in this Agreement and the Schedules and Exhibits attached to this Agreement, the definitions set forth below and in Annex A shall apply. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires,

- (a) the terms defined in this Section 1.1 and in Annex A have the meanings assigned to them in this Section 1.1 and Annex A and include the plural as well as the singular,
- (b) all accounting terms not otherwise defined herein have the meanings assigned under GAAP in the United States,

(c) all dollar amounts shall be in United States currency,

(d) unless expressly provided otherwise, all references in this Agreement to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of the body of this Agreement,

(e) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and

(f) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II ORGANIZATION OF THE LIMITED LIABILITY COMPANY

2.1 Formation and Related Agreements. The Members (a) acknowledge, approve and ratify the formation of the Company as a limited liability company under the provisions of the Delaware LLC Act by virtue of the filing of the Certificate of Formation (the “Certificate”) with the Delaware Secretary of State on January 8, 2010, (b) confirm and agree to their status as Members of the Company, (c) execute this Agreement for the purpose of amending and restating in its entirety the Original Operating Agreement with this Agreement, continuing the existence of the Company and further establishing the rights, duties and relationship of the Members, (d) agree that if the laws of any jurisdiction in which the Company transacts business so require, the Executive Committee also shall take or cause to be taken all such actions required for the Company to qualify to transact business under such laws (including the filing of any necessary documents with the appropriate office in that jurisdiction), and (e) agree and obligate themselves to execute, acknowledge and cause to be filed for record, as required by law, any amendments to the Certificate that may be required by applicable law to reflect changes in the information included therein and/or for the continuation, preservation and operation of the Company as a limited liability company under the Delaware LLC Act. Upon the execution and delivery of this Agreement by the Company and the Members, the Original Operating Agreement shall be superseded hereby and cease to have any force or effect whatsoever.

2.2 Name. The name of the Company is “Calavo Salsa Lisa, LLC” and all business of the Company shall be conducted under such name or, in the sole discretion of the Executive Committee, under any other name.

2.3 Registered Office; Registered Agent. The location of the registered office of the Company in the State of Delaware is 40 East Division Street, No. A, Dover, Delaware 19901, County of Kent, or at such other place as the Executive Committee from time to time may select. The name and address for service of process on the Company in the State of Delaware are Paracorp Incorporated, or such other qualified Person as the Executive Committee may designate from time to time and its business address.

2.4 Principal Place of Business. The principal place of business of the Company shall be located in such place as is determined by the Executive Committee from time to time; provided however that the “principal place of business” as determined by the Executive Committee shall in no way affect the principal location in which Elizabeth Nicholson shall be required to perform her duties and responsibilities in accordance with any employment agreement between Ms. Nicholson and the Company.

2.5 Purpose; Powers. The purpose of the Company shall be to conduct any business activities permitted from time to time under the Delaware LLC Act as such business activities may be

determined by the Executive Committee. The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or in furtherance of the purposes of the Company set forth in this Section 2.5.

2.6 Term. The term of the Company commenced on the date of filing of the Certificate with the office of the Secretary of State of the State of Delaware in accordance with the Delaware LLC Act and shall continue indefinitely, unless and until the Company is dissolved and its affairs wound up only in accordance with Article XI (Dissolution and Termination) hereof.

2.7 Intent. It is the intent of the Members that the Company be classified as a “partnership” for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a “partnership” for purposes of Section 303 of the Federal Bankruptcy Code. Neither the Company nor any Member shall take any action inconsistent with the express intent of the Members as set forth in this Section 2.7.

2.8 Independent Activities; Transactions with Affiliates. The Executive Committee shall be required to devote such time to the affairs of the Company as may be necessary to manage and operate the Company. Each member of the Executive Committee shall be free to serve any other Person or enterprise in any capacity that each such member of the Executive Committee may deem appropriate in his or her discretion, subject to the terms of any agreement such member of the Executive Committee may have with the Company or any Member.

**ARTICLE III
OWNERSHIP AND CAPITAL CONTRIBUTIONS;
CAPITAL ACCOUNTS; FINANCINGS**

3.1 Capital Contributions.

(a) As of the date of this Agreement, Calavo and LSC have made the Capital Contributions set forth on Schedule A. The Percentage Interests of the Members are as set forth in Schedule A. Other than the Capital Contribution set forth on Schedule A, the Members shall have no obligation to make any additional Capital Contributions to the Company, except as set forth in Section 3.1(b). The payments made by LSC to the Company pursuant to Section 2.7 of the Asset Purchase Agreement shall not be considered Capital Contributions, and no additional Percentage Interests shall be issued on account of any such payments.

(b) Pursuant to Section 2.4 of the Asset Purchase Agreement, the Company may be obligated to make certain Earn Out Payments to LSC, and in such event, Calavo shall be required to contribute funds to the Company for such purposes, as set forth in Section 5.4(a) (*Earn Out Payments*). Any payments made by Calavo to the Company in connection with the Earn Out Payments as set forth in Section 5.4(a) (*Earn Out Payments*) shall be considered Capital Contributions; provided however that no additional Percentage Interests shall be issued on account of any such Capital Contributions and the Capital Account of LSC shall be adjusted accordingly (based on a revaluation of the initial goodwill that was contributed to the Company by LSC) in order to maintain the positive Capital Accounts of Calavo and LSC in a ratio of 65% to 35%, respectively, in accordance with Section 3.4.

3.2 Issuance of Additional Membership Interests. Additional Membership Interests or other equity securities of the Company may be authorized or issued only upon approval of the Executive Committee and the consent of both Members in accordance with Section 6.1(i) (*Certain Matters Requiring Consent of the Members*).

3.3 General Provisions With Respect to Membership Interests.

(a) *Evidence of Membership Interests.* Membership Interests will not be evidenced by any certificate or other instrument, but the ownership of the Membership Interests shall be recorded on the books of the Company.

(b) *Holder of Record.* Membership Interests shall be transferable only on the books of the Company upon surrender to the Executive Committee of such instruments and documentation as the Executive Committee, in its sole discretion shall deem necessary and appropriate. Until so transferred, the Company may treat the registered holder of the Membership Interest according to the books of the Company as the owner of such Membership Interest for all purposes. Nothing contained in this Section 3.3(b) shall be deemed to authorize or permit any Member to Transfer its Membership Interest except as otherwise permitted pursuant to Article VII.

3.4 Establishment and Maintenance of Capital Accounts.

(a) *Establishment of Capital Accounts.* A separate Capital Account will be established and maintained for each Member in accordance with this Section 3.4. Each Member's Capital Account shall equal such Member's Capital Contribution, adjusted in accordance with the provisions of Section 3.4(b) and Section 3.4(c); provided however that the parties hereby agree that the Capital Accounts shall at all times be maintained in a ratio such that Calavo's positive Capital Account represents 65% of the aggregate positive Capital Accounts and LSC's positive Capital Account represents 35% of the aggregate positive Capital Accounts, and to the extent necessary, any change in Capital Accounts attributable to either Calavo or LSC shall be accompanied by an adjustment to the positive Capital Account of the other party in order to maintain such ratios.

(b) *Increases in Capital Accounts.* Each Member's Capital Account will from time to time be increased by:

(i) the amount of money contributed by such Member to the Company (including the amount of any Company liabilities which the Member assumes (within the meaning of Treasury Regulations Section 1.704-1(b)(2)(iv)(c));

(ii) the Fair Market Value of property contributed by such Member to the Company (net of any liabilities secured by such property that the Company is considered to assume or take subject or pursuant to Section 752 of the Code); and

(iii) allocations to such Member of Profits (or the amount of any item or items of income or gain included therein).

(c) *Decreases in Capital Accounts.* Each Member's Capital Account will from time to time be reduced by:

(i) the amount of money distributed to such Member by the Company pursuant to Section 5.6 (*Amount and Time of Distributions*)(including the amount of such Member's individual liabilities for which the Company becomes directly and primarily liable);

(ii) the Fair Market Value of property distributed to such Member by the Company (net of any liabilities secured by such property that such Member is considered to assume or take subject or pursuant to Section 752 of the Code); and

(iii) allocations to such Member of Losses and deduction (or items thereof).

(d) *Regulatory Compliance.* This Section 3.4 and other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1(b) and 1.704-2, and they shall be interpreted and applied in a manner consistent with those Treasury Regulations. If the Executive Committee determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or a Member), are computed in order to comply with those Treasury Regulations, the Executive Committee may make such modification; provided, however, that the Executive Committee shall use its reasonable efforts to ensure that no such modification materially and adversely affects the economic interests of any Member.

(e) *Basis Adjustments.* Section 754 of the Code permits the Company to elect to adjust the basis of Company property on the transfer of an interest in the Company by sale or exchange, and on the distribution of property by the Company to a Member. Unless the Executive Committee determines that it is unreasonable to make a Section 754 election after considering the interests of the Company and its Members, the Executive Committee shall make such an election upon the occurrence of an event described in the preceding sentence.

3.5 Revaluation of Company Property.

(a) *Revaluation Events.* Upon the occurrence of a Revaluation Event, the Executive Committee may revalue all Company property (whether tangible or intangible) for Capital Account purposes to reflect the Adjusted Fair Market Value of Company property immediately prior to the Revaluation Event. In the event that Company property is so revalued, the Capital Accounts of the Members will be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(f).

(b) *Revaluation Upon Distribution.* Upon the distribution of Company property to a Member, if Company property is not revalued pursuant to Section 3.5(a), the property to be distributed will be revalued for Capital Account purposes to reflect the Adjusted Fair Market Value of such property immediately prior to such distribution, and the Capital Accounts of all Members will be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(e).

3.6 Restoration of Negative Balances. No Member with a deficit balance in its Capital Account will have any obligation to the Company, to any other Member or to any third party to restore or repay said deficit balance.

3.7 Transfer of Capital Accounts. A Person who is substituted as a Member pursuant to this Agreement shall be deemed to have made the Capital Contributions attributable to the Membership Interest it is acquiring and shall succeed to the Capital Account of its transferor to the extent of the Membership Interest it is acquiring. The original Capital Account established for each substituted Member shall be in the same amount as the Capital Account of the Member (or portion thereof) to which such substituted Member succeeds, at the time such substituted Member is admitted to the Company. The Capital Account of any Member whose interest in the Company shall be increased or decreased by means of the transfer to it of all or part of the Membership Interest of another Member shall be appropriately adjusted to reflect such transfer or repurchase. Any reference in this Agreement to a Capital Contribution of or Distribution to a Member that has succeeded any other Member shall include any Capital Contributions or Distributions previously made by or to the former Member on account of the Membership Interest of such former Member transferred to such Member.

3.8 Loans By Members to the Company.

(a) *General.* Subject to the provisions of this Section 3.8 and Section 3.9 and the other provisions of this Agreement, any Member (the “Lending Member”) may, with the approval of the Executive Committee in its sole discretion, lend or advance money to the Company (each, a “Company Loan”), and the Company in exchange for such Company Loan shall issue to the Lending Member a promissory note substantially in the form of the Initial Note (defined below), or in such other form, or in accordance with such other documentation, as the Executive Committee may approve from time to time. Company Loans may be secured by all or any portion of the assets of the Company. If any Member shall make any Company Loan, the amount of any such Company Loan shall not be treated as a Capital Contribution but shall be a debt due from the Company, unless, subject to Section 6.1(i)(*Certain Matters Requiring Consent of the Members*), otherwise agreed to by the Executive Committee. No Member shall be obligated to make any Company Loan. The principal amount of a promissory note that is contributed to the Company by the maker of the note (or a person related to the maker of the note within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(c)) shall be included in the Capital Account of any Member only to the extent provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(d). No loans entered into pursuant to this Section 3.8 shall have a term longer than the shorter of (i) five years, and (ii) the period between the initial date of the loan and the Option Termination Date.

(b) *Initial Note.* Notwithstanding the foregoing, the Parties acknowledge that on the date hereof, the Company has issued to Calavo a five year promissory note (“Initial Note”), in the form of Exhibit A, in a principal amount of \$300,000.00 and bearing interest at the Interest Rate, payable quarterly. The Initial Note is to be secured by the assets of the Company in accordance with a security agreement in the form attached hereto as Exhibit B. Calavo shall be entitled to make additional loans to the Company on similar terms, or such other terms as the Executive Committee, after taking into account the Company’s reasonable working capital needs and overall financing condition, may approve in its sole discretion.

3.9 Third Party Debt Financing. Subject to the other terms and conditions of this Agreement, the Company may obtain, on its own behalf, all additional money and funds necessary, at any time, to undertake or engage in its business. No Member or Affiliate of a Member shall be required to guaranty or make any other financial commitment with respect to any debt or other obligation of the Company. If the Executive Committee approves any transaction to provide for debt financing for the Company from an independent Person (excluding any Member or any Affiliate thereof) (each, an “Approved Financing”), each Member agrees it (a) will consent to and will not raise objections to the Approved Financing, (b) will take all necessary and desirable actions in connection with the consummation of the Approved Financing, and (c) will cause the Company to take all necessary and desirable actions in connection with the Approved Financing; provided, however, that no Member shall be required to guaranty or pledge, directly or indirectly, any of its assets or property, including, without limitation, its Membership Interest.

3.10 Other Matters.

(a) *Right of Return.* Except as otherwise set forth in, Section 5.5 (*Tax Distributions*), Article VII (*Transfer of Membership Interests and Ownership Interests in the Members*) and Article XI (*Dissolution and Termination*), no Member shall be entitled to receive a return on or of its Capital Contributions from the Company without the consent of the Executive Committee. Under circumstances requiring a return of any Capital Contributions from the Company, no Member has the right to receive property other than cash except as specifically set forth in Section 5.5 (*Tax Distributions*) and Article XI (*Dissolution and Termination*).

(b) *Interest*. No Member shall receive any interest, draw or reimbursement with respect to its Capital Contributions or its Capital Account, except as may otherwise be authorized by the Executive Committee. Members shall be entitled to receive interest on any Company Loans at the rate agreed upon between the Executive Committee and the Lending Member, or as set forth in the Initial Note.

(c) *Liability for Debts*. Except as any Member may otherwise agree in writing, no Member shall be liable for the debts or any other obligations of the Company.

ARTICLE IV ALLOCATIONS OF PROFITS AND LOSSES

4.1 Time of Allocations. The Executive Committee shall use its reasonable efforts to determine and allocate all items of income, gain, loss, deduction and credit pursuant to this Article IV within ninety (90) days after the end of each Fiscal Year.

4.2 Profits and Losses.

(a) *Profits*. After giving effect to the special allocations set forth in Section 4.3 hereof, Profits for any Fiscal Year shall be allocated to the Members in the following order of priority:

(i) first, to each Member in accordance with the aggregate of Losses, and to the extent thereof, previously allocated to such Member pursuant to Section 4.2(b) of this Agreement for all prior taxable years less the aggregate of Profits previously allocated to such Member pursuant to this Section 4.2(a)(i) for all prior taxable years; and

(ii) thereafter, to the Members in proportion to their Percentage Interests.

(b) *Losses*. After giving effect to the special allocations set forth in Section 4.3 hereof, Losses for any Fiscal Year shall be allocated to the Members:

(i) first, to the Members pro rata in proportion to their Adjusted Capital Account Balances until their Adjusted Capital Account Balances are reduced to zero; and

(ii) thereafter, to the Members in proportion to their Percentage Interests.

(c) *Limitation on Losses*. Notwithstanding the provisions of Section 4.2(b), allocations of Losses to a Member shall be made only to the extent that such allocations of Losses will not create or increase an Adjusted Capital Account Deficit for that Member. Any Losses not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of Losses under this Section 4.2(c)). Any Losses in excess of the Losses allocated under the preceding sentence shall be allocated to the Members in proportion to their Percentage Interests.

4.3 Special Allocations.

(a) *Partnership (Company) Minimum Gain or Partner (Member) Nonrecourse Debt Minimum Gain*. Notwithstanding any other provision of this Article IV, if there is a net decrease in Partnership (Company) Minimum Gain or Partner (Member) Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during the Fiscal Year, each Member shall be specially allocated items of Company income and gain

for such year (and, if necessary, subsequent years) in an amount equal to its respective share of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 4.3(a) is intended to comply with the minimum gain chargeback requirement in such Treasury Regulations Section and shall be interpreted consistently therewith, including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) *Unexpected Adjustments*. Notwithstanding any other provision of this Article IV other than Section 4.3(a) above, in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii) (d)(4), (5) or (6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as promptly as possible; provided, however, that an allocation pursuant to this Section 4.3(b) shall be made only if and to the extent that a Member would have an Adjusted Capital Account Deficit in excess of such sum after all other allocations provided for in this Article IV have been tentatively made as if this Article were not in this Agreement.

(c) In the event any Member has an Adjusted Capital Account Deficit at the end of any Fiscal Year, each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible; provided, however, that an allocation pursuant to this Section 4.3(c) shall be made only if and to the extent that a Member would have an Adjusted Capital Account Deficit in excess of such sum after all other allocations provided for in this Article IV have been tentatively made.

(d) Partnership (Company) Nonrecourse Deductions shall be specially allocated to the Members in proportion to their Percentage Interests.

(e) Any Partner (Member) Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Partner (Member) Nonrecourse Debt to which such Partner (Member) Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2. For avoidance of any doubt, the Company Loan made by Calavo pursuant to the Initial Note is Partner (Member) Nonrecourse Debt attributable to Calavo.

4.4 Other Allocations. If during any taxable year of the Company there is a change in any Member's Percentage Interest (including a complete termination of such Member's interest), allocations of Profits and Losses for such taxable year will take into account the varying Percentage Interests of the Members in any manner determined by the Executive Committee consistent with the requirements of Section 706 of the Code; provided, however, that the Members hereby agree that the Executive Committee may, in its sole discretion, use a "pro rata" method under Treasury Regulation Section 1.706-1(c)(2) in making such allocations, and that the Executive Committee may instead, in its sole discretion, apply a "closing of the books" method in making such allocations.

4.5 Reallocation. If the Executive Committee determines that the Code or any Treasury Regulations require allocations of items of income, gain, loss, deduction or credit different from those set forth in this Article IV, the Executive Committee is hereby authorized to make new allocations in reliance on, but only to the extent required by, the Code and such Treasury Regulations, and no such new allocation will give rise to any claim or cause of action by any Member.

4.6 Allocation of Tax Items. Except as otherwise provided in this Article IV, all items of income, gain, loss and deduction will be allocated among the Members for federal income tax purposes in the same manner as the corresponding allocation for Capital Account purposes.

4.7 Section 704(c) Allocations. In the event that the fair market value of an item of Company property differs from its Tax Basis, allocations of depreciation, depletion, amortization, gain and loss with respect to such property will be made for federal income tax purposes in a manner that takes account of the variation between the Tax Basis and fair market value of such property in accordance with Section 704(c)(1)(A) of the Code and Treasury Regulations Section 1.704-1(b)(4)(i). Section 704(c) allocations shall be made in accordance with the traditional method described in Treasury Reg. section 1.704-3(b).

4.8 Reporting. The Members acknowledge and are aware of the income tax consequences of the allocations made by Article IV and hereby agree to be bound by the provisions of Article IV in reporting their shares of Profits and Losses and other items of income, gain, loss, deduction and credit for federal, state and local income tax purposes.

ARTICLE V DISTRIBUTIONS

5.1 Legal Restrictions on Distributions; Withholding. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member on account of the Members' Membership Interest if such distribution would violate the Delaware LLC Act or other applicable law. The Company shall be authorized to withhold from distributions hereunder any amounts required to be withheld by applicable law, and such withholdings shall be treated for all purposes of the Agreement as if such amounts had been distributed hereunder.

5.2 Current Reserves. The Executive Committee may set aside reasonable reserves for near-term anticipated liabilities, obligations or commitments of the Company.

5.3 Growth Reserves. The Executive Committee may set aside reserves for anticipated development of the Company.

5.4 Special Payments to the Members.

(a) Earn Out Payments. If the Company becomes obligated to pay LSC an Earn Out Payment, Calavo shall contribute to the Company funds in an amount sufficient to pay the Earn Out Payment, and the Company shall pay such Earn Out Payment to LSC in accordance with the Asset Purchase Agreement. Such contribution by Calavo shall be treated as a Capital Contribution in accordance with Section 3.1 (*Capital Contributions*). Any Earn Out Payments made to LSC shall not be deemed "Distributions" on account of such Member's Membership Interest for purposes of Article III (*Ownership and Capital Contributions; Capital Accounts; Financings*) or Article IV (*Allocations of Profits and Losses*), and shall not be considered an advance payment of distributions for purposes of Section 5.6 (*Amount and Time of Distributions*) or Article XI (*Dissolution and Termination*). Neither the Earn Out Payment to LSC nor the Calavo contribution described above shall under any circumstances reduce the Capital Account of LSC. Any Earn Out payment made to LSC shall be reported for tax purposes as a disguised sale under Section 707 of the Code.

(b) Note Payments and Service Payments. Provided any payments due under Section 5.4(a) (*Earn Out Payments*) have been paid in full, and subject to Section 5.1 (*Legal Restrictions on*

Distributions; Withholding), payments of available cash (which available cash will be determined after taking into account the Company's reasonable working capital needs and reserves set aside pursuant to Section 5.2 (*Current Reserves*)), but not the reserves set aside pursuant to Section 5.3 (*Growth Reserves*)) shall be made pursuant to the Initial Note (and any subsequent notes made in accordance with Section 3.8) on such dates and in such amounts as provided in the Initial Note (or any subsequent notes made in accordance with Section 3.8, as applicable), and Service Payments shall be made in accordance with Section 8.3. Such payments shall not be deemed "Distributions" on account of such Member's Membership Interest for purposes of Article III (*Ownership and Capital Contributions; Capital Accounts; Financings*) or Article IV (*Allocations of Profits and Losses*), and shall not be considered an advance payment of distributions for purposes of Section 5.6 (*Amount and Time of Distributions*) or Article XI (*Dissolution and Termination*). Any payment not paid when due and payable in accordance with the terms of the Initial Note (and any subsequent notes, as applicable) or Section 8.3 shall accrue to the benefit of the Member which is entitled to such payment, and any amounts accrued hereunder shall be paid as soon as possible when, in the sole discretion of the Executive Committee, sufficient available cash is available without being subject to the limitations set forth under Section 5.1 (*Legal Restrictions on Distributions; Withholding*).

5.5 Tax Distributions. Provided any payments due pursuant to Section 5.4 (*Special Payments to Members*) have been paid in full, and notwithstanding anything in this Article V to the contrary (other than Section 5.1 (*Legal Restrictions on Distributions; Withholding*)), with respect to any taxable year in which the Company does not liquidate or sell all or substantially all of its assets, the Executive Committee shall distribute to each Member available cash (which available cash will be determined after taking into account the Company's reasonable working capital needs and reserves set aside pursuant to Section 5.2 (*Current Reserves*), but not the reserves set aside pursuant to Section 5.3 (*Growth Reserves*)) in an amount equal to the highest combined federal and state marginal tax rate applicable to either Member or to the LSC Owners on income that is ultimately allocated to them from LSC (as determined by the Executive Committee after consultation with the Members) multiplied by the amount of net taxable income allocable to such Member from the Company for such taxable year pursuant to Article IV (*Allocations of Profits and Losses*), to enable the Members to pay the taxes owed by the Members with respect to the net taxable income allocable to them from the Company. Distributions made pursuant to this Section 5.5 shall be taken into account as an advance payment of distributions for purposes of Section 5.6 (*Amount and Time of Distributions*) and Section 11.3(b)(v) (*Dissolution Distributions*). Any payment not paid when due and payable in accordance with the terms of this Section 5.5 shall accrue to the benefit of the Member which is entitled to such payment, and any amounts accrued hereunder shall be paid as soon as possible when, subject to Section 5.1 (*Legal Restrictions on Distributions; Withholding*), in the sole discretion of the Executive Committee, sufficient cash is available (which available cash will be determined after taking into account the Company's reasonable working capital needs and reserves set aside pursuant to Section 5.2 (*Current Reserves*), but not the reserves set aside pursuant to Section 5.3 (*Growth Reserves*)).

5.6 Amount and Time of Distributions. Provided that all payments due pursuant to Section 5.5 (*Tax Distributions*) and Section 5.4 (*Special Payments to the Members*) have been made, the Executive Committee may, subject to Section 5.1 (*Legal Restrictions on Distributions; Withholding*), Section 5.2 (*Current Reserves*) and Section 5.3 (*Growth Reserves*), make distributions to the Members in proportion to their Percentage Interests from time to time as it determines in its sole discretion; provided, however, that no less often than annually, the Executive Committee shall distribute available cash (which available cash will be determined after taking into account payments due under Section 5.4 (*Special Payments to the Members*) and 5.5 (*Tax Distributions*) and after taking into account the Company's reasonable working capital needs and reserves set aside pursuant to Section 5.2 (*Current Reserves*) and Section 5.3 (*Growth Reserves*)) from the immediately preceding Fiscal Year to the Members in proportion to their Percentage Interests.

5.7 Distributions to Record Holders of Membership Interests. Any distribution by the Company pursuant to the terms of this Article V or Article XI (*Dissolution and Termination*) to the Person shown on the Company's records as a Member or to its legal representatives, or to the assignee of the right to receive such distributions as provided herein, shall, to the fullest extent permitted by law, discharge the Company and the Executive Committee of all liability to any other Person who may be interested in such distribution by reason of any other assignment or Transfer of such Member's Membership Interest for any reason (including an assignment or Transfer thereof by reason of death, incompetence, Bankruptcy or liquidation of such Member).

ARTICLE VI MANAGEMENT

6.1 Members.

(a) *Voting Membership Interests*. Except as specifically provided in this Agreement or as otherwise required under the Delaware LLC Act, the Members shall not be entitled to vote on, consent to, or approve of, any matter affecting the Company.

(b) *Meetings*. Members need not hold annual or regular meetings. Special meetings of the Members shall be held at the written request of either of the Members or at such time as may be fixed by the Executive Committee for the transaction of such lawful business as may come before the meeting. Meetings of the Members may be called upon not less than 10 nor more than 60 days notice to both Members, or if called by a Member, the other Member and the Executive Committee, in writing or by telephone or email or facsimile transmission. Meetings of Members may be held by telephone or any other communications equipment by means of which all participating Members can simultaneously hear each other during the meeting.

(c) *Quorum*. No action may be taken at a meeting of Members unless a quorum consisting of Members holding a majority of the Percentage Interests are present in person or by proxy.

(d) *Action by Written Consent*. Any action that may be taken by the Members under this Agreement may be taken without a meeting if consents in writing setting forth the action so taken are signed by all Members.

(e) *Voting Rights; Required Vote*. Except as otherwise expressly set forth in this Agreement (including, without limitation, Section 6.1(i) (*Certain Matters Requiring Consent of the Members*)), any action that is required or permitted to be taken by the Members must be approved by the affirmative vote of Members holding a majority of the Percentage Interests or a unanimous written consent.

(f) *Waivers of Notice*. Whenever the giving of any notice to Members is required by statute or this Agreement, a waiver thereof, in writing and delivered to the Company signed by the Person or Persons entitled to said notice, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance of a Member at a meeting or execution of a written consent to any action shall constitute a waiver of notice of such meeting or action.

(g) *Various Capacities*. The Members acknowledge and agree that the Members or their Affiliates will from time to time act in various capacities including as a Member, as a member of the Executive Committee, and as the Tax Matters Member.

(h) *Decisions Relating to the Business.* Except as expressly set forth in Section 6.1(i) (*Certain Matters Requiring Consent of the Members*) with respect to decisions to be made by the Members, the Executive Committee is expressly permitted to make any and all decisions with respect to the business and operation of the Company and its subsidiaries without the vote or consent of the Members.

(i) *Certain Matters Requiring Consent of the Members.* Neither the Company nor the Executive Committee shall, without first obtaining the consent of each of the Members: (i) issue any additional Membership Interests or create or issue any new class of Membership Interests, (ii) change the rights, preferences, or privileges of the Membership Interests, (iii) except for the Capital Contributions set forth on Schedule A as set forth in Section 3.1(*Capital Contributions*) or Capital Contributions made pursuant to Section 5.4(a)(*Earn Out Payments*), require or permit any Member to make any Capital Contribution pursuant to Section 3.1(*Capital Contributions*) or otherwise, (iii) admit a new Member, other than Permitted Transferees admitted in accordance with Article VII, (vi) enter into any agreement in connection with a Sale of the Company, (v) determine to treat a Company Loan as a Capital Contribution; (vi) permit a Member to withdraw under Section 7.7 (*Withdrawal*), (vii) establish a subsidiary or otherwise acquire equity interests in another Person, (viii) transfer the operations of the Company to another Person, including an Affiliate of the Company or Calavo, (ix) pay salary or other compensation to the officers of the Company, or (x) take any other action that expressly requires the approval of each of the Members under Section 11.1(c) (*Liquidating Events*) or Section 12.1 (*Amendment and Waiver*).

(j) *Fiduciary Duties as Members.* Neither Member owes any duty to the Company or the other Member (including fiduciary duties) other than the implied contractual covenant of good faith and fair dealing; provided, however, this Agreement shall in no way limit such duties or diminish the rights, remedies or obligations of either the Company or other Member as may be set forth in the Asset Purchase Agreement or other agreements between such Member and the Company or the other Member. A Member shall not be liable, responsible, or accountable, in damages or otherwise, to any other Member, member of the Executive Committee, or the Company for any act or omission of the Member with regard to the Company matters unless such act or omission constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing or a violation of the Asset Purchase Agreement.

6.2 Management of the Company by the Executive Committee.

(a) Except for matters expressly reserved to the Members under this Agreement, full responsibility for management of the business and affairs of the Company shall be delegated to and vested in an Executive Committee (the "Executive Committee") pursuant to Section 18-402 of the Delaware LLC Act, which shall have all of the authority of a "manager" under the Delaware LLC Act.

(b) *Power and Authority of Executive Committee.* The Executive Committee (acting on behalf of the Company) shall have the right, power, and authority, to manage, operate and control the business and affairs of the Company and to do or cause to be done any and all acts, at the expense of the Company, deemed by the Executive Committee to be necessary or appropriate to effectuate the purposes of the Company. Except as otherwise expressly provided in Section 6.1(i)(*Certain Matters Requiring Consent of the Members*), no Member shall have any authority, right or power, by virtue of being a Member, to bind the Company, or to manage or control the business and affairs of the Company. Except as may be approved by the Executive Committee, no member of the Executive Committee, acting individually, shall have any authority, right, or power by virtue of being a member of the Executive Committee to bind the Company.

(c) *Number, Election and Removal of Executive Committee Members.* The authorized number of members of the Executive Committee is three. Subject to the terms of this

Agreement, (x) Calavo shall have the right to designate two members of the Executive Committee ("Calavo Designees"), who shall initially be J. Link Leavens and Lecil E. Cole, and (y) LSC shall have the right to designate one member of the Executive Committee (the "LSC Designee"), who shall initially be Lisa Nicholson.

(d) *Successors*. Subject to the terms of this Agreement: (x) no member of the Executive Committee shall be removed as a member of the Executive Committee without the consent of the Member entitled to elect such member of the Executive Committee; and (y) such person's successor shall also be appointed by such Member.

(e) *Meetings; Quorum*. Meetings of the Executive Committee shall be held at such places and times as may be fixed from time to time by any member of the Executive Committee. Meetings of the Executive Committee may be called upon two days' notice to all members of the Executive Committee in writing or by telephone or email or facsimile transmission. Meetings of the Executive Committee may be held by conference telephone or other communications equipment by means of which all participating members of the Executive Committee can simultaneously hear and speak to each other during the meeting. No action may be taken at a meeting of the Executive Committee unless a quorum consisting of a majority of the total number of authorized members of the Executive Committee is present in person or by proxy.

(f) *Action by Written Consent*. Any action that may be taken by the Executive Committee under this Agreement may be taken without a meeting if written consents setting forth the action so taken are signed by the number of the members of the Executive Committee that would be required to take such action at a meeting where all members of the Executive Committee were present; provided however that no such written consent shall be effective until 24 hours after notice is given to any member of the Executive Committee that has not signed such written consent.

(g) *Voting Rights; Required Executive Committee Vote*. Each member of the Executive Committee shall be entitled to cast one vote with respect to any matter coming before the Executive Committee, except with respect to a determination to seek indemnification pursuant to Section 6.4 (*Indemnification of Members, Officers and Executive Committee Members*), in which event a member of the Executive Committee seeking indemnification hereunder shall have no vote with respect to his or her indemnification. Any action that is required or permitted to be taken by the Executive Committee must be approved by the affirmative vote of a majority of the members of the Executive Committee then in office; provided, however, that any determination to grant indemnification to a member of the Executive Committee pursuant to Section 6.4 (*Indemnification of Members, Officers and Executive Committee Members*) shall require the affirmative vote of a majority of the other members of the Executive Committee.

(h) *Annual Budget*. Prior to the expiration of each Fiscal Year of the Company, the Executive Committee shall adopt an annual operating and capital expenditure plan and budget containing detailed monthly and annual financial projections for the following Fiscal Year and shall forward such approved budget to each of the Members.

(i) *Compensation of Executive Committee Members*. Members of the Executive Committee shall not receive compensation for their services as members of the Executive Committee; provided, however, that nothing in this Agreement shall be construed to preclude any member of the Executive Committee from serving the Company as an employee, officer or consultant, or in any other capacity, and receiving compensation therefor.

(j) *Resignations.* Any member of the Executive Committee may resign at any time by giving written notice to the Executive Committee. Any such resignation shall take effect at the time specified therein, or, if no time is specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

(k) *Committees.* The Executive Committee may organize such committees or sub-committees as the Executive Committee determines to be advisable; provided, however, that each such committee shall be subject to the oversight and control of the Executive Committee.

(l) *Officers.* Subject to the oversight by the Executive Committee, the day-to-day affairs of the Company shall be managed by the officers of the Company. Unless otherwise specified by the Executive Committee, the duties and authority of the officers to act on behalf of the Company shall include the same duties and authority to act on behalf of a Delaware corporation as an officer of a Delaware corporation with the same title would have in the absence of a specific delegation of authority; provided, however, that no officer of the Company may take action on behalf of any subsidiary of the Company without the prior written consent of the Executive Committee. The officers of the Company as of the date of this Agreement are (a) a Chief Executive Officer, (b) a Chief Financial Officer and (c) a Corporate Controller. The Executive Committee may change the officers of the Company at any time, including appointing one or more Executive Vice Presidents and Vice Presidents. Any number of offices may be held by the same individual. The persons appointed as officers as of the date of this Agreement are:

- (1) Chief Executive Officer: Lecil E. Cole;
- (2) Chief Financial Officer: Arthur Bruno; and
- (3) Corporate Controller: James Snyder.

The Chief Executive Officer, Chief Financial Officer and Corporate Controller shall report to the Executive Committee. The Executive Committee from time to time may appoint one or more other persons to serve as officers of the Company and, subject to the terms of any employment agreements, may remove any person serving as an officer, with or without cause, at any time. Subject to the terms of any employment agreements, each officer shall hold his or her respective office for the term specified by the Executive Committee unless earlier removed by the Executive Committee. Subject to the terms of any employment agreements, any officer or agent of the Company may resign at any time by giving written notice to the Executive Committee. Subject to the terms of any employment agreements, any such resignation shall take effect at the time specified therein or, if no time is specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. The officers of the Company shall not be entitled to any salary, commissions or other compensation from Company, unless otherwise approved by the Members in accordance with Section 6.1(i)(*Certain Matters Requiring Consent of the Members*).

(m) *Third Party Reliance.* Third parties dealing with the Company shall be entitled to rely conclusively upon the power and authority of the Executive Committee and the officers of the Company as set forth herein.

(n) *Reimbursement.* All expenses that are incurred with respect to the organization, operation and management of the Company shall be borne by the Company, and the members of the Executive Committee shall be entitled to reimbursement from the Company for direct expenses allocable to the organization, operation, and management of the Company; provided, however, that legal and accounting fees and expenses and other professional fees and expenses incurred by each Member in

connection with the negotiation and preparation of this Agreement and the Asset Purchase Agreement and in connection with the consummation of the transactions contemplated by the Asset Purchase Agreement shall be borne by the Party that incurs such fees and expenses and not by the Company.

(o) *Exculpation.* Without limiting the generality of the other applicable provisions in this Agreement, the fiduciary duties of the members of the Executive Committee and officers of the Company to the Company and its Members shall be the same as the fiduciary duties owed by the board of directors, and officers of a Delaware corporation to the corporation and its stockholders; provided, however, that, to the maximum extent permitted under the law applicable to Delaware corporations (including, without limitation, under Section 102(b)(7) of the Delaware General Corporation Law), no member of the Executive Committee or officer of the Company shall be liable to the Company or its Members for monetary damages or otherwise for any acts performed or for any failure to act, as a member of the Executive Committee or officer. However, this provision shall not eliminate or limit the liability of a member of the Executive Committee or officer for (x) acts or omissions which involve gross negligence, fraud, intentional misconduct or a knowing violation of law as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected), (y) a breach of this Agreement, or (z) any transaction from which the member of the Executive Committee or officer received an improper personal benefit. Each member of the Executive Committee and officer shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by such Executive Committee and officer, in good faith reliance on such advice, shall in no event subject such Executive Committee and officer to liability to the Company or any Member. Whenever in this Agreement or any other agreement contemplated herein the Executive Committee is permitted or required to take any action or to make a decision or determination, the Executive Committee shall take such action or make such decision or determination in its sole discretion, unless another standard is expressly set forth herein or therein. Notwithstanding any other provision of this Section 6.2(o) whenever in this Agreement or any other agreement contemplated herein the Executive Committee is permitted or required to take any action or to make a decision or determination in its “sole discretion” or “discretion,” with “complete discretion” or under a grant of similar authority or latitude, each member of the Executive Committee shall be entitled to consider such interests and factors as such member desires (including, without limitation, the interests of such Executive Committee Member’s Affiliates or employers as Members). The Company’s indemnification obligations hereunder shall survive the dissolution of the Company.

6.3 Compensation Committee.

Unless the Executive Committee determines in its discretion to appoint a subcommittee of the Executive Committee to serve as a compensation committee, the Executive Committee shall function as the Company’s compensation committee (the “Compensation Committee”). If the Executive Committee serves as the Compensation Committee, it shall have authority to take all of the following actions; and if a subcommittee is appointed to serve as the Compensation Committee, such subcommittee shall only have authority to make non-binding recommendations to the Executive Committee regarding the following:

- (i) the establishment of cash, incentive and other compensation policies governing the Company’s employees; and
- (ii) the review of the performance and development of the Company’s employees in achieving the business goals and personal objectives assigned to them and creating Member value.

6.4 Indemnification of the Members, Officers and Executive Committee Members.

(a) *Indemnification Obligations.* In accordance with Section 18-108 of the Delaware LLC Act, the Company shall indemnify and hold harmless any Member, member of the Executive Committee or officer of the Company (individually, in each case, an “Indemnitee”) to the fullest extent permitted by law from and against any and all losses, claims, demands, costs, damages, liabilities (joint or several), expenses of any nature (including attorneys’ fees and disbursements), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits, or proceedings, whether civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved as a party or otherwise (other than any such claim, demand, action, suit, or proceedings initiated by such Indemnitee against the Company or against any other Indemnitee), arising out of the business or activities of the Company, regardless of whether the Indemnitee continues to be a Member, member of the Executive Committee or an officer of the Company, at the time any such liability or expense is paid or incurred; provided, however, that no Indemnitee shall be entitled to indemnification hereunder (i) for any breach of the Indemnitee’s duties under Section 6.1(j) (*Fiduciary Duties as Members*), (ii) for any breach of the Indemnitee’s fiduciary duties (as set forth in Section 6.2(o) (*Exculpation*)) to the Company or its Members, to the extent such breach is of a kind that is not entitled to exculpation under the law applicable to Delaware corporations, including without limitation Section 102(b)(7) of the Delaware General Corporation Law, (iii) for acts or omissions which involve gross negligence, fraud, intentional misconduct or a knowing violation of law, (iv) for any transaction from which the Indemnitee received any improper personal benefit, or (v) for any breach of this Agreement or the Asset Purchase Agreement.

(b) *Advancement of Expenses.* The reasonable, documented expenses incurred by an Indemnitee in defending any claim, demand, action, suit, or proceeding subject to this Section 6.4 shall, from time to time, upon request by the Indemnitee be advanced by the Company prior to the final disposition of such claim, demand, action, suit, or proceeding upon receipt by the Company of an undertaking by or on behalf of the Indemnitee to repay such amount, if it shall be determined in a judicial proceeding or a binding arbitration that such Indemnitee is not entitled to be indemnified as authorized in this Section 6.4.

(c) *Non-Exclusivity.* The indemnification provided by this Section 6.4 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, vote of the Members, as a matter of law or equity, or otherwise, both as to an action in the Indemnitee’s capacity as a Member, an officer, or any Affiliate thereof, and as to an action in another capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, and administrators of the Indemnitee.

(d) *Insurance.* The Company may purchase and maintain insurance on behalf of the Executive Committee and such other Persons as the Executive Committee shall determine against any liability that may be asserted against or expense that may be incurred by such Persons in connection with the offering of Membership Interests or the business or activities of the Company, regardless of whether the Company would have the power to indemnify such Persons against such liability under the provisions of this Agreement.

(e) *Reliance.* An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.4 or otherwise by reason of the fact that the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted or not expressly prohibited by the terms of this Agreement.

(f) An Indemnitee shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Indemnitee reasonably believes are within such other Person’s professional

or expert competence, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Profits or Losses or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

(g) The provisions of this Section 6.4 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

6.5 Confidentiality.

(a) Each Member and member of the Executive Committee agrees not to use Confidential Information (as hereinafter defined) of the Company for its own use or for any purpose except in connection with its interest in the Company. Each Member shall undertake to treat such Confidential Information in a manner consistent with the treatment of its own information of such proprietary nature and agrees that it shall protect the confidentiality of and use reasonable best efforts to prevent disclosure of the Confidential Information to prevent it from falling into the public domain or the possession of unauthorized persons. Each Person who receives Confidential Information from any Member shall agree to be bound by such provisions. For purposes of this Section, “Confidential Information” means [***] and any other business secret, trade secret, financial information, proprietary software, internal procedure, business plan, marketing plan, pricing strategy or policy, supplier list, or customer list, disclosed by the Company either directly or indirectly in writing, which written material is treated by the Company as confidential or proprietary or if disclosed orally, is understood at the time to be Confidential Information. The provisions in this Section 6.5(a) shall terminate with respect to the Member who purchases the Membership Interest of the other Member pursuant to Section 7.2 (*Buy Out Option*) or Section 7.3 (*Buy Out Bidding Process*), but shall continue indefinitely with respect to any Member selling their Membership Interest.

(b) Confidential Information does not include information, technical data or know-how which (i) before or after it has been disclosed to the Member or member of the Executive Committee, is part of the public knowledge or literature, not as a result of any action or inaction of the Member or member of the Executive Committee; (ii) is disclosed to a Member or member of the Executive Committee on a non-confidential basis by a third party having a legal right to such information; (iii) is independently developed by the Member or member of the Executive Committee, as properly documented by the Member or member of the Executive Committee (except for any intellectual property or other assets transferred to the Company pursuant to the Asset Purchase Agreement); or (iv) is approved for release by written authorization of the Company. The provisions of this Section shall not apply (A) to the disclosure of Confidential Information to any holder of an Ownership Interest in a Member to the extent such holder agrees in writing to be bound by the provisions of this Section 6.5 in connection with the receipt of such Confidential Information; (B) to the extent that a Member or member of the Executive Committee is required to disclose Confidential Information pursuant to any law, statute, rule or regulation or any order of any court of law; (C) to the disclosure of Confidential Information to a Member’s employees, counsel, accountants or other professional advisors who agree to keep such information confidential; or (D) to the disclosure of Confidential Information to a prospective transferee of securities who agrees in writing to be bound by the provisions of this Section in connection with the receipt of such Confidential Information, if such transfer of securities is permitted under this Agreement.

(c) Each of LSC and each LSC Owner agrees not to use or disclose any Calavo Confidential Information (as hereinafter defined) it receives for its own use or for any other purpose except in connection with furthering the interests of the Company during such time as Calavo also holds an ownership interest in the Company. LSC and the LSC Owners undertake to treat such Calavo Confidential Information in a manner consistent with the treatment of their own information of such

proprietary nature and agree that they shall protect the confidentiality of and use reasonable efforts to prevent disclosure of the Calavo Confidential Information to prevent it from falling into the public domain or the possession of unauthorized persons. Each Person who receives Calavo Confidential Information shall agree to be bound by such provisions. For purposes of this Section, “Calavo Confidential Information” means any business secret, trade secret, financial information, proprietary software, internal procedure, business plan, marketing plan, pricing strategy or policy, supplier list, or customer list, disclosed by Calavo either directly or indirectly in writing, which written material is treated by Calavo as confidential or proprietary or if disclosed orally, is understood at the time to be confidential information. Calavo Confidential Information does not include information, technical data or know-how which (i) before or after it has been disclosed to LSC or the LSC Owners, is part of the public knowledge or literature, not as a result of any action or inaction of LSC or the LSC Owners; (ii) is disclosed to LSC or the LSC Owners on a non-confidential basis by a third party having a legal right to such information; (iii) is independently developed by LSC or the LSC Owners, as properly documented by LSC or the LSC Owners (except for any intellectual property or other assets transferred to the Company pursuant to the Asset Purchase Agreement); or (iv) is approved for release by written authorization of Calavo. The provisions of this Section shall not apply to the extent that LSC or an LSC Owner is required to disclose Calavo Confidential Information pursuant to any law, statute, rule or regulation or any order of any court of law. In the event that LSC purchases all of Calavo’s Membership Interest in the Company, it shall be a condition to the closing of such purchase that Calavo, on one hand, and the Company, LSC and the LSC Owners on the other, shall execute and deliver such documentation or instruments as the Company and LSC reasonably request such that the Company can continue to have the right to use for the benefit of the Company any Calavo Confidential Information which the Company used in the operations of its business prior to such transfer of Calavo’s Membership Interest.

6.6 Representations and Warranties.

Each Member and the LSC Owners hereby represents and warrants on behalf of itself and not on behalf of any other Party as follows:

(a) *Binding Obligation; Authorization.* The execution, delivery and performance of this Agreement by such Member or LSC Owner, as applicable, has been duly authorized. This Agreement has been duly executed and delivered by such Member or LSC Owner, as applicable, and, assuming the valid authorization, execution and delivery of this Agreement by the other Parties hereto, is the legal, valid and binding agreement of such Party, enforceable against such Party in accordance with its terms, subject to Bankruptcy, insolvency, reorganization, moratorium, and similar laws of general application relating to or affecting creditors’ rights and to general equity principles.

(b) *No Conflict.*

(i) The execution, delivery and performance by such Member or LSC Owner, as applicable, of this Agreement, the consummation of the transactions contemplated hereby, and the compliance by such Party with the provisions hereof, will not (A) violate or conflict with or constitute (with notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any encumbrance upon the Membership Interest, if any, of such Party pursuant to the terms, conditions or provisions of any note, bond, lease, mortgage, indenture, license, agreement or other instrument or obligation to which such Party is a party or by which such Party or such Party’s properties or assets are bound, (B) violate such Party’s certificate of incorporation or certificate of formation, bylaws or similar document, if applicable, or (C) violate any provision of law, statute, rule, regulation, order, judgment, award, writ, injunction or decree applicable to such Party or any of such Party’s properties or assets.

(ii) No permit, authorization, consent or approval of or by, or notification of or filing with, any Person is required in connection with the execution, delivery or performance by such Member or LSC Owner, as applicable, of this Agreement.

(c) *No Voting Trust.* Such Member or LSC Owner has not granted and is not a party to any proxy, voting trust or other agreement which supplements, is inconsistent with or conflicts with the provisions of this Agreement, and, without the prior consent of the Executive Committee, no such Party shall grant any proxy or become party to any voting trust or other agreement which supplements, is inconsistent with or conflicts with the provisions of this Agreement.

(d) *Investment.*

(i) Such Member is acquiring the Membership Interest for its own account, for investment and not with a view to the distribution thereof or any interest therein in violation of the Securities Act or applicable state securities laws.

(ii) Such Member or LSC Owner understands that (A) the Membership Interest has not been registered under the Securities Act or applicable state securities laws by reason of its issuance by the Company in a transaction exempt from the registration requirements of the Securities Act and applicable state securities laws and (B) the Membership Interest must be held by such Member indefinitely unless a subsequent disposition thereof is registered under the Securities Act and applicable state securities laws or is exempt from such registration.

(iii) Such Member or LSC Owner further understands that the exemption from registration afforded by Rule 144 promulgated under the Securities Act as may be amended or supplemented from time to time (the provisions of which are known to such Member) promulgated under the Securities Act depends on the satisfaction of various conditions, and that, if applicable, Rule 144 may afford the basis for sales of the Membership Interest acquired hereunder in limited amounts.

(iv) Such Member or LSC Owner is (A) an “accredited investor” (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act) and (B) has a preexisting personal or business relationship with the Company or certain members of the Executive Committee or officers of the Company which is of a nature and duration sufficient to make such Member and LSC Owner aware of the character, business acumen and general business and financial circumstances of the Company and/or such members of the Executive Committee or officers.

(v) The Company has made available to such Member, LSC Owner or its representatives all agreements, documents, records and books that such Member or LSC Owner has requested relating to an investment in the Membership Interest which may be acquired by the Member hereunder. Such Member and LSC Owner has had an opportunity to ask questions of, and receive answers from a Person or Persons acting on behalf of the Company concerning the terms and conditions of this investment, and answers have been provided to all of such questions to the full satisfaction of such Member and LSC Owner. Such Member or LSC Owner has such knowledge and experience in financial and business matters that it is capable of evaluating the risks and merits of this investment and to suffer a complete loss of its investment.

(vi) Such Member or LSC Owner has no need for liquidity in his, her or its investment in the Membership Interest and is able to bear the economic risk of his, her or its investment in the Membership Interest and the complete loss of all of such investment.

(vii) Such Member or LSC Owner understands that there is no public market for the Membership Interest and that the transferability of the Membership Interest is restricted.

(viii) Such Member or LSC Owner is able to fend for itself in the transactions contemplated by this Agreement, can bear the economic risk of investment in the Membership Interest and has such knowledge and experience in financial or business matters to be capable of evaluating the merits and risks of the investment in the Membership Interest. Such Member or LSC Owner is fully aware of: (A) the speculative nature of the investment in the Membership Interest, (B) the financial risk involved, (C) the lack of liquidity for the Membership Interest, and (D) the Transfer restrictions and any repurchase rights applicable to the Membership Interest. Such Member or LSC Owner has consulted with his, her or its professional, tax and legal advisors with respect to the federal, state, local and foreign income tax consequences of the undersigned's participation as a Member of the Company.

ARTICLE VII TRANSFERS OF MEMBERSHIP INTERESTS AND OWNERSHIP INTERESTS IN MEMBERS

7.1 Restrictions on Transfers of Membership Interests or Interests in this Agreement.

(a) *Prohibition on Transfer.* Notwithstanding anything to the contrary in this Agreement, (i) except for Transfers to Permitted Transferees pursuant to subsection (b), no Membership Interests shall be Transferred, directly or indirectly, in whole or in part, except in accordance with the terms and conditions set forth in Section 3.3 (*General Provisions with Respect to Membership Interests*), this Article VII, or as otherwise approved by the Executive Committee and the Members in accordance with Section 6.1(i) (*Certain Matters Requiring Consent of the Members*), and (ii) except in connection with a Transfer permitted by the foregoing clause (i), no Member may assign or otherwise Transfer any or all of its rights or obligations under this Agreement to another Person. Any Transfer or purported Transfer of any Membership Interests in violation of Section 3.3 (*General Provisions with Respect to Membership Interests*) or this Article VII, as applicable, shall be void *ab initio* and shall confer no rights on the purported transferee. For the avoidance of any doubt, until either Calavo has exercised the Buy Out Option pursuant to Section 7.2 (*Buy Out Option*) or one Member has purchased the Membership Interest of the other pursuant to Section 7.3 (*Buy Out Bidding Process*), no Member is permitted to Transfer its Membership Interest, other than Transfers to Permitted Transferees or otherwise in accordance with this Article VII, without the written consent of the Executive Committee and all of the Members in accordance with Section 6.1(i) (*Certain Matters Requiring Consent of the Members*), which consent may be granted or withheld in their sole discretion. Each LSC Owner has considered the nature and extent of the restrictions upon Transfer set forth in this Section 7.1 and agrees that they are reasonable in all respects.

(b) *Permitted Transferees.* Provided further that any such Transfer is in compliance with the Securities Act and any other applicable securities laws, Calavo may transfer its Membership Interest to any wholly owned subsidiary of Calavo, and LSC may transfer its Membership Interest to (i) Elizabeth Nicholson, (ii) any Person wholly owned by Elizabeth Nicholson or owned jointly by Elizabeth Nicholson and Eric Nicholson or the parties identified in (iii) and (iv), (iii) any inter vivo or testamentary trust for the benefit of either LSC Owners' descendants or spouse, or to any custodian or trustee for the account or benefit of the LSC Owners or either LSC Owners' descendants or spouse, so long as any such trust or account is under the sole control of Elizabeth Nicholson (if then living) or the joint control of Elizabeth Nicholson and Eric Nicholson (if then living); (iv) to a revocable trust (but not an irrevocable trust) established by either LSC Owner for his or her benefit, or for the benefit of his or her spouse or children, so long as any such trust or account is still under the sole control of Elizabeth Nicholson (if then living) or the joint control of Elizabeth Nicholson and Eric Nicholson (if then living); or (v) in the event of the death of an LSC Owner, to the surviving LSC Owner or the estate of such LSC Owner or to their

descendants, either in accordance with such LSC Owner's will or intestacy (any of the foregoing, "Permitted Transferees"). Any Permitted Transferee who acquires Membership Interests shall become a substituted Member only upon its written agreement, in form and substance reasonably satisfactory to the Company, to be bound by all the terms and conditions of the Certificate and this Agreement as then in effect, and any references in this Agreement to the Member that Transferred its Membership Interest shall thereafter apply to the Permitted Transferee. Unless and until a Permitted Transferee is admitted as a substituted Member, the transferee shall have no right to exercise any of the powers, rights or privileges of a Member hereunder. A Member who has transferred its Membership Interest shall cease to be a Member upon Transfer of its Membership Interest or all of its powers, rights and privileges hereunder and thereafter shall have no further powers, rights or privileges as a Member hereunder.

7.2 Buy-Out Option

(a) *Buy-Out Option.* Calavo has the right (the "Buy Out Option") to cause LSC to Transfer to Calavo all of LSC's Membership Interest for an amount equal to \$5,000,000 (the "Exercise Price") by delivering written notice ("Buy Out Notice") to LSC at any time from the date hereof until 5:00 p.m. PST on October 31, 2016 (the "Option Termination Date"), stating that it has determined to exercise the Buy Out Option and the intended date of closing of such Buy Out Option, which date shall be no less than thirty (30) and no more than sixty (60) days after the date of the Buy Out Notice. For greater certainty, the Buy Out Option may be exercised by Calavo whether or not a Third Party Offer is outstanding, and the Buy Out Option may be exercised by Calavo with respect to any Permitted Transferee that acquires part or all of LSC's Membership Interest (with reference to LSC in this Section 7.2 deemed to apply to such Permitted Transferee).

(b) *Conditions.* The completion of the Transfer pursuant to the Buy Out Option is subject to the following conditions to be fulfilled or performed, on or before the completion of the Transfer, which conditions are for the exclusive benefit of Calavo and may be waived, in whole or in part, by Calavo in its sole discretion:

(i) LSC and the LSC Owners must represent and warrant to Calavo that (i) on the date of the closing of the Buy Out Option, LSC's Membership Interest is owned by LSC (or Permitted Transferee(s)) as the registered and beneficial owner with good title, free and clear of all Liens other than those restrictions on Transfer, if any, contained in the Certificate, and (ii) upon completion of the Buy Out Option, Calavo will have good and valid title to LSC's (or Permitted Transferee's) Membership Interest, free and clear of all Liens other than those contained in the Certificate and this Agreement;

(ii) All filings, notices and authorizations necessary to complete the Transfer pursuant to the Buy Out Option must be made, given or obtained;

(iii) The completion of the Transfer pursuant to the Buy Out Option will not result in the violation of any Law; and

(iv) LSC and the LSC Owners (or Permitted Transferees) must execute and deliver such documentation or instruments evidencing the transfer to Calavo of LSC's (or Permitted Transferee's) Membership Interest as Calavo may reasonably request.

(c) *Closing.* The completion of the Transfer pursuant to the Buy Out Option will take place at the offices of TroyGould PC, 1801 Century Park East, Suite 1600, Los Angeles, CA 90067, on the date specified in the Buy Out Notice or at such other place, on such other date and at such other

time as Calavo and LSC may agree to in writing. Subject to satisfaction or waiver by Calavo of the conditions of closing, at the closing of the Transfer pursuant to the Buy Out Option as set forth above:

(i) LSC (or Permitted Transferee(s)) will assign and transfer title and deliver actual possession of LSC's (or Permitted Transferee's) Membership Interest to Calavo; and

(ii) Calavo will pay or satisfy the Exercise Price for LSC's (or Permitted Transferee's) Membership Interest by delivering to LSC a certified cheque, bank draft or wire transfer of immediately available funds in the full amount of the Exercise Price.

(iii) The Buy Out Option described in this Section 7.2 (*Buy Out Option*) may be exercised by Calavo or its Permitted Transferees, as applicable, with respect to any Permitted Transferee that acquires part or all of LSC's Membership Interests (with reference to Calavo or LSC in this Section 7.2 deemed to apply to such Permitted Transferee).

7.3 Buy Out Bidding Process

(a) *Buy Out Offer*. If the Buy Out Option has not been exercised by the Option Termination Date, Calavo, within thirty (30) days after the Option Termination Date, shall deliver to LSC a binding offer (the "Buy Out Offer") setting forth Calavo's offer to purchase the Membership Interest held by LSC for a price no less than an amount equal to (A) LSC's Percentage Interest multiplied by (B) 8 (the "EBTDA Multiple") multiplied by (C) the Company's EBTDA for the Fiscal Year ending on the Option Termination Date. LSC may, by executing and delivering written notice to Calavo within five (5) Business Days after receipt of the Buy Out Offer, elect to either:

(i) sell its Membership Interest on the terms and conditions set forth in the Buy Out Offer; or

(ii) reject the Buy Out Offer and submit a counter offer (the "Counter Offer") to purchase the Membership Interest held by Calavo for a price no less than an amount equal to (A) Calavo's Percentage Interest, multiplied by (B) the EBTDA Multiple plus .5, multiplied by (C) the Company's EBTDA for the Fiscal Year ending on the Option Termination Date. For the avoidance of any doubt, LSC may not reject the Buy Out Offer without making a Counter Offer. The Counter Offer shall be a legally binding commitment to purchase Calavo's Membership Interest, irrevocable by LSC.

(b) *Counter Offers*. If LSC makes a Counter Offer, Calavo, as recipient of the Counter Offer, or Calavo or LSC, as the recipient of a counter offer to such Counter Offer or any subsequent counter offers (each, a "Subsequent Counter Offer"), may, by executing and delivering written notice to the Party making the Counter Offer or Subsequent Counter Offer (the "Offering Member"), within five (5) Business Days after receipt of the Counter Offer or Subsequent Counter Offer, elect to either:

(i) sell its Membership Interest on the terms and conditions set forth in the Counter Offer or Subsequent Counter Offer, as applicable; or

(ii) reject the Counter Offer or Subsequent Counter Offer, as applicable, and submit a Subsequent Counter Offer to purchase the Membership Interest held by the Offering Member, for a price no less than an amount equal to (A) the Offering Member's Percentage Interest, multiplied by (B) the EBTDA Multiple contained in the previous Counter Offer or Subsequent Counter Offer, as applicable, plus .5, multiplied by (C) the Company's EBTDA for the Fiscal Year ending on the Option Termination Date. For the avoidance of any doubt, no party may reject the Counter Offer or a Subsequent

Counter Offer without submitting a Subsequent Counter Offer in response. Each Subsequent Counter Offer shall be an legally binding commitment to purchase the Offering Member's Membership Interest, irrevocable by the Member submitting such Subsequent Counter Offer.

The process cited above shall continue until either LSC or Calavo accepts the Counter Offer or Subsequent Counter Offer made to them. For example: Calavo makes an Offer pursuant to Section 7.3(a) to purchase LSC's Membership Interest for a purchase price equal to 35% of 8 multiplied by EBTDA for the Fiscal Year ending on the Option Termination Date. LSC makes a Counter Offer pursuant to Section 7.3(a)(ii) to purchase Calavo's Membership Interest for a purchase price equal to 65% of 8.5 multiplied by EBTDA for the Fiscal Year ending on the Option Termination Date. Calavo makes a Subsequent Counter Offer to purchase LSC's Membership Interest for a purchase price equal to 35% of 9 multiplied by EBTDA for the fiscal year ending on the Option Termination Date, which LSC accepts.

(c) *Closing*. Upon written notice of LSC or Calavo electing to sell all of its Membership Interest to the other Member pursuant to Section 7.3(a) or 7.3(b) above, such written notice shall bind both LSC and Calavo to consummate the transactions set forth in the Buy Out Offer, Counter Offer or Subsequent Counter Offer, as accepted, no later than thirty (30) days following the date of the written notice of acceptance.

(d) *Failure To Respond*. If the Member receiving the Buy Out Offer, Counter Offer or Subsequent Counter Offer (the "Receiving Member") fails to timely deliver a response to the Buy Out Offer, Counter Offer or Subsequent Counter Offer, as applicable, the Receiving Member shall be deemed to have agreed, pursuant to a binding agreement, to sell the Membership Interest held by the Receiving Member to the Member making the Buy Out Offer, Counter Offer or Subsequent Counter Offer, as applicable, pursuant to the terms of such unresponded to Buy Out Offer, Counter Offer or Subsequent Counter Offer, and the transactions contemplated thereby shall be consummated no later than thirty (30) days following the expiration of the five day period referred to in Section 7.3(b).

(e) The Buy Out Offer, Counter Offer and Subsequent Counter Offers described in this Section 7.3 (*Buy Out Bidding Process*) may be exercised by Calavo or LSC, as applicable with respect to any Permitted Transferee that acquires part or all of Calavo's or LSC's Membership Interests (with reference to Calavo or LSC in this Section 7.3 deemed to apply to such Permitted Transferee).

(f) *Conditions to Closing*. The completion of a Transfer pursuant to this Section 7.3 is subject to the same conditions to be fulfilled or performed, on or before the completion of the Transfer, as the conditions to closing set forth in Section 7.2(c) (*Buy Out Option*), which conditions are for the exclusive benefit of the purchaser pursuant to this Section 7.3(c) and may be waived, in whole or in part, by such purchaser in its sole discretion.

(g) *Name of Calavo*. In the event that LSC purchases Calavo's Membership Interest pursuant to this Section 7.3, it shall be a condition to the closing of such purchase that Calavo, on one hand, and the Company, LSC and the LSC Owners on the other, shall execute and deliver such documentation or instruments as Calavo may reasonably request so that any rights to use the names, terms, trademarks, service marks and/or trade names including the phrase "Calavo" or "Calavo Growers, Inc." and all other trademarks, service marks, trade names, corporate names, trade styles, brands, private labels, domain names, logos, slogans, goodwill, copyrights, or copyrightable materials related thereto, or any other intellectual property created or acquired by Calavo independent of the Company, regardless of whether such intellectual property has been previously transferred or licensed by Calavo to the Company, is retained by Calavo, or to the extent necessary, transferred back to, Calavo prior to such transfer of Calavo's Membership Interest. Promptly following the closing of any Transfer of Calavo's Membership Interest to LSC, the Company shall change its corporate name so as not to include the name "Calavo" or

“Calavo Growers, Inc.” or any derivation thereof, and the Company, LSC and the LSC Owners and their respective employees, agents, representatives and affiliates shall cease to use any such intellectual property or any variation thereof for any purpose.

(h) *Non-Use of the Company Property.* In the event that LSC purchases Calavo’s Membership Interest pursuant to this Section 7.3, Calavo shall immediately upon closing of such transaction cease to produce, market or distribute (unless otherwise agreed with LSC) [***].

(i) *Closing Procedure.* The completion of the Transfer pursuant to this Section 7.3 will take place at the offices of TroyGould PC, 1801 Century Park East, Suite 1600, Los Angeles, CA 90067, or at such other place may agree to in writing. Subject to satisfaction or waiver of the conditions of closing, at the closing of the Transfer as set forth above:

(i) The Member selling its Membership Interest will assign and transfer title and deliver actual possession of its Membership Interest to the Member purchasing such Membership Interest and endorse the certificates, if any, representing its Membership Interest for transfer to such Purchaser; and

(ii) The Member purchasing the Membership Interest will pay or satisfy the price as set forth in the accepted Buy Out Offer, Counter Offer or Subsequent Counter Offer, as applicable, for the selling Member’s Membership Interest by delivering to such selling Member a certified cheque, bank draft or wire transfer of immediately available funds in the full amount of the agreed upon purchase price.

7.4 Transfer of Equity of a Member.

(a) *Transfer Restriction.* Until either Calavo has exercised the Buy Out Option pursuant to Section 7.2 (*Buy Out Option*) or one Member has purchased the Membership Interest of the other pursuant to Section 7.3 (*Buy Out Bidding Process*), no LSC Owner is permitted to Transfer any ownership interest in LSC (“Ownership Interest”), other than Transfers to LSC Permitted Transferees or otherwise in accordance with this Article VII, without the written consent of the Executive Committee and Calavo, which consent may be granted or withheld in their sole discretion. Any Transfer or purported Transfer of any Ownership Interests in violation of this Section 7.4, shall be deemed a Transfer of Membership Interest in violation of this Article VII and be void *ab initio*.

(b) *Permitted Sale of an Ownership Interest to Original Member; Gifts and Other Permitted Transfers.* Provided that the transferee executes and delivers such documents as may be reasonably requested by the Company in order for the transferee to be bound by this Agreement and the Certificate, and provided further that any such Transfer is in compliance with the Securities Act and any other applicable securities laws, either LSC Owner may Transfer all or any portion of such LSC Owner’s Ownership Interest to (i) Elizabeth Nicholson or Elizabeth Nicholson and Eric Nicholson, jointly, (ii) in the event of the death of such LSC Owner, to the surviving LSC Owner or the estate of such LSC Owner or their descendants, either in accordance with such LSC Owner’s will or intestacy, (iii) any inter vivo or testamentary trust for the benefit of the LSC Owners’ ancestors, descendants or spouse, or to any custodian or trustee for the account or benefit of the LSC Owners or their ancestors, descendants or spouse, provided that so long as any such trust or account is under the sole control of Elizabeth Nicholson (if then living) or the joint control of Elizabeth Nicholson and Eric Nicholson (if then living), (iv) to a revocable trust (but not an irrevocable trust) established by either LSC Owner for his or her benefit, or for the benefit of his or her ancestors, spouse or children, so long as any such trust or account is under the sole control of Elizabeth Nicholson (if then living) or the joint control of Elizabeth Nicholson and Eric Nicholson (if then living) (collectively, the “LSC Permitted Transferees”). Each LSC Owner has

considered the nature and extent of the restrictions upon Transfer set forth in this Section 7.4 and agrees that they are reasonable in all respects.

7.5 Purchase Upon the Occurrence of Certain Events.

(a) In the event of any involuntary Transfer of any portion of Ownership Interests such that the Ownership Interests are no longer to be held by Elizabeth Nicholson, jointly held by Elizabeth Nicholson and Eric Nicholson, or a LSC Permitted Transferee (the “Involuntary Transfer”), Elizabeth Nicholson, shall have the right (the “Nicholson Option”) to purchase from the transferee the Ownership Interest, or portion of it, that was so Transferred, and such Transferee will sell the Ownership Interest or portion of it to Elizabeth Nicholson for a price equal to the Fair Market Value, as determined in accordance with Section 7.6 (*Fair Market Valuations*), of such Ownership Interests. Elizabeth Nicholson may exercise the Nicholson Option by delivering notice of exercise (“Nicholson Option Notification”) to such transferee and the Company within thirty (30) days of the Involuntary Transfer. The closing of a purchase by Elizabeth Nicholson pursuant to the provisions of Section 7.5, shall be consummated on a date designated by Elizabeth Nicholson, but such date shall be not less than thirty (30) calendar days nor later than sixty (60) calendar days after the later of last day on which Elizabeth Nicholson could have delivered the Nicholson Option Notification or the date of the final determination of the Fair Market Value under Section 7.6 (*Fair Market Valuations*), as the case may be.

(b) In the event of a Triggering Event, then the Company and Calavo shall have an option (the “Event Purchase Option”) to purchase the Membership Interest of LSC (the “Outgoing Member”) for a price equal to the Fair Market Value, as calculated in accordance with Section 7.6 (*Fair Market Valuations*) of such Membership Interest. A “Triggering Event” shall mean any Involuntary Transfer of any portion of LSC’s Membership Interest or the LSC Owner’s Ownership Interests such that LSC’s Membership Interest is no longer to be held by LSC or a Permitted Transferee, or the Ownership Interests are no longer to be jointly held by Elizabeth Nicholson and Eric Nicholson or a LSC Permitted Transferee, as a result of the following: (i) an Involuntary Transfer to a transferee other than a Permitted Transferee where Elizabeth Nicholson does not exercise the Nicholson Option, or (ii) an Involuntary Transfer to a transferee other than a Permitted Transferee as a result of Bankruptcy (as hereinafter defined) by LSC or either or both LSC Owners. The Event Purchase Option must be exercised within thirty (30) calendar days after the Company and Calavo is notified of the occurrence of the event(s) giving rise to the Event Purchase Option (the “Event Option Exercise Period”). The Company or Calavo may exercise the Event Purchase Option pursuant by delivering notice of exercise (“Event Notification”) within the Event Option Exercise Period to the Outgoing Member, trustee in bankruptcy, or other legal representative of the Outgoing Member. The closing of a purchase by the Company or Calavo, as the case may be, pursuant to the provisions of Sections 7.5, shall be consummated on a date designated by the Outgoing Member (in the event of an Involuntary Transfer giving rise to the Event Purchase Option), or his or her representative, but such date shall be not less than thirty (30) calendar days nor later than sixty (60) calendar days after the last day of the Event Option Exercise Period or the date of the final determination of the Fair Market Value under Section 7.6 (*Fair Market Valuations*), as the case may be.

(c) In the event of an Involuntary Transfer of Calavo’s Membership Interest to a transferee other than a Permitted Transferee as a result of Bankruptcy by Calavo, LSC shall have the option (the “Calavo Event Purchase Option”) to purchase the Membership Interest of Calavo for a price equal to the Fair Market Value, as calculated in accordance with Section 7.6 (*Fair Market Valuations*) of such Membership Interest. For purposes of this Section 7.5 and Section 7.6, in the event of a Calavo Event Purchase Option, Calavo shall be considered the “Outgoing Member.” This right may be exercised by delivering notice of exercise to Calavo, the trustee in bankruptcy, or other legal representative of Calavo within thirty (30) calendar days after the LSC and the LSC Owners are notified of that such a Transfer has occurred. The closing of a purchase by LSC pursuant to the provisions of this Section 7.5(c)

shall be consummated on a date designated by Calavo, or its representative, but such date shall not be less than thirty (30) calendar days nor later than sixty (60) calendar days after the last day on which such purchase option is exercisable or the date of the final determination of the Fair Market Value under Section 7.6 (*Fair Market Valuations*), as the case may be.

7.6 Fair Market Valuations. In the event that the Nicholson Option, the Event Purchase Option or the Calavo Event Purchase Option is exercised pursuant to Section 7.5 (*Purchase Upon the Occurrence of Certain Events*), the relevant Outgoing Member or LSC Owner, as applicable, and the Person, as applicable, who elects to purchase all or any portion of the Membership Interest or the Ownership Interests (the "Purchaser") shall reasonably determine in good faith the fair market value of the relevant Membership Interest or Ownership Interests (based on fair market value of LSC or the Company as a whole, without minority interest or lack of marketability discounts). If the relevant Outgoing Member or LSC Owner, as applicable, and the Purchaser are unable to agree as to the fair market value within thirty (30) days after the relevant election to purchase by such Purchaser, then, within ten (10) calendar days after such failure, the Outgoing Member or LSC Owners, as applicable, and the Purchaser shall each select one independent, nationally recognized valuation firm with experience in appraising companies similar to the Company. The two independent firms shall then jointly select a third independent, nationally recognized valuation firm with experience in appraising companies similar to the Company (each independent firm, a "Appraiser"). The three Appraisers shall each then, independently, determine the fair market value of the Company or LSC, as applicable, as a whole entity, without any discount to such value on account of the Membership Interest being a minority interest or lack of marketability of the Membership Interest, but discounted to account for any cash distributions that may be made to the Outgoing Member or LSC in connection with the proposed Transfer. Each Appraiser shall make its determination within thirty (30) calendar days of its engagement. When all three Appraisers have submitted its determination, the fair market value (the "Final Fair Market Value") shall be established by the following process: (i) the two closest appraisals shall be added together, (ii) divided by two, and then (iii) multiplied by the Outgoing Member's Percentage Interest or the LSC Owner's percentage interest of LSC. The determination of the Final Fair Market Value shall be deemed final and binding upon the parties. The relevant Outgoing Member or LSC Owner, and the Purchaser, shall each pay for the Appraiser selected by them, and they shall each pay one-half of the fees and expenses of the third Appraiser.

7.7 Withdrawal. No Member shall have the power or right to withdraw or otherwise resign from the Company prior to the dissolution and winding up of the Company pursuant to Article XI, without the prior written consent of the Executive Committee (which consent may be withheld by the Executive Committee in its sole discretion) and both Members as required by Section 6.1(i) (*Certain Matters Requiring Consent of the Members*), except as otherwise expressly permitted by this Agreement or any of the other agreements contemplated hereby. Notwithstanding that payment on account of a withdrawal may be made after the effective time of such withdrawal, any completely withdrawing Member will not be considered a Member for any purpose after the effective time of such complete withdrawal, and, in the case of a partial withdrawal, such Member's Capital Account (and corresponding voting and other rights) shall be reduced for all other purposes hereunder upon the effective time of such partial withdrawal.

7.8 Distribution Payments. Immediately prior to any Transfer of any Membership Interest from one Member to the other pursuant to Section 7.2 (*Buy Out Option*) or Section 7.3 (*Buy Out Bidding Process*), the Company shall distribute to the Member selling its Membership Interest an amount equal to the selling Member's Percentage Interest multiplied by the amount of available cash of the Company (which available cash will be determined by the Executive Committee after taking into account the Company's reasonable working capital needs, including payments on the Initial Note and any other payments to members pursuant to Section 5.4 (*Special Payments to Members*), and reserves set aside

pursuant to Section 5.2 (*Current Reserves*), but not reserves set aside pursuant to Section 5.3 (*Growth Reserves*). In no event will the selling Member be required to pay into the Company cash in the event there is no available cash. The Member transferring their Membership Interest shall also be entitled to Tax Distributions pursuant to Section 5.5 (*Tax Distributions*), pro rated as appropriate, for the taxable year in which such Transfer is consummated and the immediate prior Tax year if Tax distributions had not yet been made pursuant to Section 5.5 (*Tax Distributions*).

ARTICLE VIII RIGHTS AND OBLIGATIONS OF MEMBERS

8.1 Conflicts of Interest. Calavo and Calavo's Affiliates may have business interests and engage in business activities in addition to those relating to the Company, including business activities in the food industry that may be similar to or competitive with the Company, provided however that neither Calavo nor any Calavo Affiliate shall [***]. Provided that neither Calavo nor its Affiliates use any of the Company's Confidential Information or the names, terms, trademarks, service marks and/or trade names [***] in connection therewith neither the Company nor LSC nor any LSC Owner shall have any rights by virtue of this Agreement in any business ventures of Calavo or Calavo's Affiliates by virtue of their Membership Interest and the involvement by Calavo or Calavo's Affiliates in such business ventures shall not constitute a conflict of interest by Calavo with respect to the Company, LSC, or any LSC Owners. Any business opportunity generated by the employees of the Company will remain the exclusive property of the Company until such time as the Company chooses not to pursue such business opportunity. No amendment or repeal of this Section 8.1 or 8.2 (*Interested Transactions*) shall apply to or have any effect on the liability or alleged liability of any officer, Executive Committee member, employee or Member of the Company for or with respect to any opportunities of which such officer, Executive Committee member, employee, or Member becomes aware prior to such amendment or repeal.

8.2 Interested Transactions. The Executive Committee may cause the Company to enter into any contracts or transactions with Calavo, LSC and their respective Affiliates as the Executive Committee may determine in its sole discretion and no member of the Executive Committee shall be deemed to have breached any fiduciary duty, duty of loyalty or other duty to the Company, the Members, the LSC Owners or any other Person with respect to any action or inaction in connection with or relating to any such transaction; provided that the price and other terms of such transactions are fair to the Company and that the price and other terms of such transactions entered into by the Company are substantially comparable to those generally prevailing with respect to comparable transactions between unrelated parties, as determined by the Executive Committee in good faith.

8.3 Management Services.

(a) *Services*. Notwithstanding the foregoing, the Parties agree that Calavo shall, subject to Section 8.3(b), provide to the Company such resources as provided by Calavo to itself without incurring out-of-pocket costs to any third party service providers, including warehousing, sales, management and accounting services, logistical support, human resources, information technology services, and travel associated with such services ("Internal Services"). For avoidance of any doubt, Internal Services do not include any salary, compensation, or commissions of employees or independent contractors hired by the Company (other than officers as set forth in Section 6.2(l)).

(b) *Payment*. In exchange for the Internal Services, Calavo shall receive a commission of ("Service Payments”):

(i) [***] of all Net Sales of the Company, other than Net Sales of the Company described in Section 8.3(b)(i).

(ii) [***] of all Net Sales of the Company generated through [***].

Payments pursuant to this Section may be deducted by Calavo from such Net Sales generated pursuant to Section 8.3(b)(i), but all such Service Payments are to be treated for purposes of the Asset Purchase Agreement as operating expenses of the Company that are not a reduction of Net Sales, as defined in the Asset Purchase Agreement. The Parties acknowledge that such payments are consideration for certain Internal Services to be provided by Calavo to the Company, and the amounts set forth represent the Parties' good faith estimate, as of the date of this Agreement, of the amount of costs to Calavo for such Internal Services, and are intended by the Parties to reimburse Calavo for such costs. The Parties agree that any payment terms pursuant to this Section 8.3 are not intended to generate profits for Calavo from the Company.

(c) *Term of Services.* The term of the agreement provided for in this Section 8.3 will be for an initial period of (2) years after the date of this Agreement and shall be automatically renewed for successive one (1) year periods thereafter, unless otherwise terminated as provided in this Agreement. As soon as practicable after the end of the initial two year term, and thereafter on at least an annual basis, the Executive Committee shall reevaluate the above percentages used in determining the Service Payments, consistent with the Parties' intentions as described above, to reflect the percentage of Net Sales necessary to reimburse Calavo for the costs associated with the Internal Services provided to the Company, and the above percentages may be increased or decreased accordingly, as approved by the unanimous consent of the Executive Committee. Either the Company or Calavo may terminate the terms and agreements set forth in this Section 8.3 at any time after Calavo is no longer a Member of the Company, upon 30 days written notice. Upon termination of this Section 8.3, Calavo shall be entitled to receive, and the Company shall be required to pay, subject to Section 5.1 (*Legal Restrictions on Distributions; Withholding*), Section 5.2 (*Current Reserves*) and Section 5.4(a) (*Earn Out Payments*) all amounts owed to Calavo accrued through the date of termination pursuant to this Section 8.3.

8.4 Reimbursement.

(a) *Expenses Prior to the Date of this Agreement.* Within sixty (60) days of the date of this Agreement, the Company shall reimburse Calavo for the direct, out-of-pocket costs and expenses incurred by Calavo to Persons other than the Parties or their Affiliates for the benefit of the Company as reflected on Schedule B.

(b) *Expenses After the Date of this Agreement.* The Company shall reimburse Calavo from time to time for direct, out-of-pocket costs and expenses incurred by it to Persons other than the Parties on behalf of the Company in connection with carrying on the Company's business and operations and performing services for the Company hereunder.

8.5 Use of Name. The Company further agrees that Calavo, in its sole discretion, may use Calavo's names, trademarks (whether registered or unregistered), trade names, services marks (whether registered or unregistered), trade styles, logos, and designs or any other intellectual property of like nature attributable to Calavo in any media for any advertising, publicity, distribution or any other purpose whatsoever connected to the Company's products or services at any time.

**ARTICLE IX
DEFAULT**

9.1 Default. In the event of a default by any Party in the performance of any of its obligations under this Agreement (the Party causing such default being hereinafter referred to as the “Defaulting Party” and each of the other Parties being referred to individually as a “Non-Defaulting Party” and collectively as the “Non-Defaulting Parties”), the Company and each of the Non-Defaulting Parties shall have the right to give the Defaulting Party a notice of default specifically setting forth the nature of the default and stating that the Defaulting Party shall have a period of thirty days to cure such default, if such default is curable.

9.2 Rights Upon Default.

(a) *Actions in Default*. If the Defaulting Party does not cure any default specified in the notice of default referred to in Section 9.1 (*Default*) within the cure period (if any) therein referred to, the Company and any Non-Defaulting Parties shall have the right, in addition to any other rights expressly provided in this Agreement, to:

(i) bring any Action in the nature of specific performance, injunction or other equitable remedy, it being acknowledged by each of Parties that damages at law may be an inadequate remedy for a default or breach of this Agreement; and/or

(ii) bring any Action at law or by or on behalf of the Company or any other Party or Person as may be permitted in order to recover damages.

(b) *Control*. Notwithstanding anything to the contrary contained elsewhere in this Agreement, the commencement, prosecution and settlement of any Action by the Company against a Defaulting Party pursuant to Section 9.2(a) shall be controlled on behalf of the Company by the Executive Committee, but excluding for this purpose, however, any member of the Executive Committee who has been nominated or designated by the Defaulting Party. However, if either Member is the alleged Defaulting Party and if the Members disagree about whether a default has occurred, then the Action against the alleged Defaulting Party shall be brought by either Member rather than by the Company.

(c) *No Action to Partition*. No Member shall, either directly or indirectly, take any action to require partition of any Company property, and notwithstanding any provisions of applicable law to the contrary, each Member hereby irrevocably waives any and all rights it may have to maintain any action for partition or to compel any sale with respect to its Membership Interest, or with respect to any assets or properties of the Company, except as expressly provided in Article VII (*Transfers of Membership Interests and Ownership Interests in Members*).

**ARTICLE X
ACCOUNTING**

10.1 Financial Reports.

(a) *Annual Reports*. The Company shall, at its expense, prepare and furnish or cause to be prepared and furnished to each of the Members, such balance sheets, statements of income and statement of source and application of funds for the Company, as determined by the Executive Committee in its sole discretion.

(b) *Quarterly Reports.* At the request of either Member, the Company shall, at its expense, within thirty days after the close of each quarter of the Fiscal Year, prepare and furnish or cause to be prepared and furnished to such Member unaudited quarterly reports of the state of the business and affairs of the Company, which shall include a consolidated operating statement comparing current profit, loss and operating expenses to the budget, a consolidated statement of cash flows, a consolidated balance sheet and management commentary, and such other reports as either Member may reasonably request.

(c) *Inspection Rights.* Each Member shall have the right at reasonable times during normal business hours to examine the Company's premises as well as the books of account and other books and records of the Company, and shall otherwise be afforded rights to access any information to which such Member may be entitled under the Delaware LLC Act. Each Member shall also have the right to inspect the books and records of the Company for purposes of reviewing the calculations of EBTDA for purposes of Section 7.3 (*Buy Out Bidding Process*), provided that such Member shall maintain the confidentiality of all confidential information about the Company that they acquire in connection with their investigation in accordance with the confidentiality provisions set forth in Section 6.5 (*Confidentiality*).

(d) *Termination of Rights.* Rights pursuant to this Section 10.1 shall terminate upon a Sale of the Company and may be modified or amended only with the written consent of both Members, which consent shall not be unreasonably withheld.

10.2 Tax Returns; Information. The officers of the Company (with the oversight of the Executive Committee) shall arrange for the preparation and timely filing of all income and other tax and informational returns of the Company. As soon as practicable after the end of each Fiscal Year, the officers of the Company shall cause the Company's accountants to prepare and submit to the Executive Committee for its review and approval the Company's tax and informational returns. The Executive Committee shall furnish to each Member a copy of each approved return, together with any schedules or other information which such Member may require in connection with such Member's own tax affairs.

10.3 Tax Matters Member. Calavo is specially authorized and appointed to act as the Tax Matters Member under the Code and in any similar capacity under state or local law. The Tax Matters Member agrees to promptly notify the other Members upon the receipt of any correspondence from any federal, state or local tax authorities relating to any examination of the Company's affairs. The Executive Committee shall manage all audits or other tax proceedings of the Company and shall keep the Members informed with respect to such proceedings. The Tax Matters Member may retain, at the Company's expense, such outside counsel, accountants and other professional consultants as it may reasonably deem necessary in the course of fulfilling its obligations as Tax Matters Member.

ARTICLE XI DISSOLUTION AND TERMINATION

11.1 Liquidating Events. The Company shall dissolve and commence winding up and liquidating upon the first to occur of the following ("Liquidating Events"):

- (a) The sale of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole;
- (b) The approval of a liquidation, dissolution or winding-up of the Company by the Executive Committee;

(c) The unanimous written agreement of each of the Members to dissolve, wind up, and liquidate the Company;

(d) To the extent necessary or reasonably desirable in connection with a Sale of the Company, upon the consummation of such Sale of the Company or at such later time as is approved by the members of the Executive Committee voting in favor of such Sale of the Company (provided, in any such case, such Sale of the Company is approved pursuant to the terms of Section 6.1(i) (*Certain Matters Requiring Consent of the Members*)); and

(e) The happening of any other event that makes it unlawful or impossible to carry on the business of the Company.

The Members hereby agree that the Company shall not dissolve prior to the occurrence of a Liquidating Event. If it is determined by a court of competent jurisdiction that the Company has dissolved under applicable law prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the Company without a winding up or liquidation.

11.2 Bankruptcy. For purposes of this Agreement, the “Bankruptcy” of a Member or LSC Owner shall mean the occurrence of any of the following: (a) any governmental authority, or any court at the instance thereof, shall take possession of any substantial part of the property of that Member or shall assume control over the affairs or operations thereof, or a receiver or trustee shall be appointed, or a writ, order, attachment or garnishment shall be issued with respect to any substantial part thereof, and such possession, assumption of control, appointment, writ or order shall continue for a period of ninety (90) consecutive days; or (b) a Member shall admit in writing its inability to pay its debts when due, or make an assignment for the benefit of creditors; or apply for or consent to the appointment of any receiver, trustee or similar officer or for all or any substantial part of its property; or shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceeding under the laws of any jurisdiction; or (c) a receiver, trustee or similar officer shall be appointed for such Member or with respect to all or any substantial part of its property without the application or consent of that Member, and such appointment shall continue undischarged or unstayed for a period of ninety consecutive days or any bankruptcy, insolvency, reorganization, arrangements, readjustment of debt, dissolution, liquidation or similar proceedings shall be instituted (by petition, application or otherwise) against that Member and shall remain undismissed for a period of ninety (90) consecutive days.

11.3 Procedure.

(a) Winding Up. Upon the occurrence of a Liquidating Event, the Executive Committee shall commence to wind up the affairs of the Company and to liquidate the Company’s investments; provided that the Executive Committee shall have the sole discretion to elect to appoint a Member (the “Winding-Up Member”) to wind up the affairs of the Company on behalf of the Members and such Winding-Up Member, in conjunction with the Executive Committee, shall have full right and discretion to determine in good faith the time, manner and terms of any sale or sales of the Company’s property or assets pursuant to such liquidation, having due regard to the activity and condition of the relevant market and general financial and economic conditions. The Members shall continue to share Profits, Losses and distributions during the period of liquidation in the same manner and proportion as though the Company had not dissolved. The Company shall engage in no further business except as may be necessary, in the reasonable discretion of the Executive Committee or the Winding-Up Member, as applicable, to preserve the value of the Company’s assets during the period of dissolution and liquidation.

(b) *Dissolution Distributions*. Following the payment of all expenses of liquidation and the allocation of all Profits and Losses as provided in Article IV, the proceeds of the liquidation and any other funds of the Company shall be distributed in the following order of priority:

(i) First, to the payment and discharge of all of the Company's debts and liabilities to creditors (whether third parties or Members), including any debts and liabilities owed by Company pursuant to the Initial Note and any subsequent promissory notes or documents evidencing Company Loans, in the order of priority as provided by law, except any obligations to the Members in respect of their Capital Accounts;

(ii) Second, to the payment of any accrued and unpaid Earn Out Payments;

(iii) Third, to the payment of any accrued and unpaid Service Payments;

(iv) Fourth, to set up such cash reserves which the Executive Committee reasonably deems necessary for contingent or unforeseen liabilities or obligations of the Company (which reserves when they become unnecessary shall be distributed in accordance with the provisions of clause (v), below); and

(v) Thereafter, to the Members, in accordance with their Percentage Interests.

(c) *Cash Distributions Only*. No Member shall have any right to demand property other than cash upon dissolution and termination of the Company.

(d) *Certificate of Cancellation*. Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Members or the Winding-Up Member, as the case may be, shall have the authority to execute and record a certificate of cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company, other than payments pursuant to Section 3.8 (*Company Loans*), Section 5.4 (*Special Payments to Members*) and Section 8.3 (*Management Services*).

11.4 Rights of Members. Each Member shall look solely to the assets of the Company for the return of his, her or its Capital Contributions, and except as set forth above, no Member shall have priority over any other Member as to the return of his, her or its Capital Contributions, distributions, or allocations.

11.5 Notices of Dissolution. In the event a Liquidating Event occurs or an event occurs that would, but for the provisions of Section 11.1, result in a dissolution of the Company, the Company shall, within thirty (30) days thereafter, (a) provide written notice thereof to each of the Members and (b) comply, in a timely manner, with all filing and notice requirements under the Delaware LLC Act or any other applicable law.

11.6 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets in order to minimize any losses that might otherwise result from such winding up.

11.7 No Deficit Restoration. No Member shall be personally liable for a deficit Capital Account balance of that Member, it being expressly understood that the distribution of liquidation proceeds shall be made solely from existing Company assets.

11.8 Special Allocation on Sale of Equity. Notwithstanding anything to the contrary in this Agreement, if approved by the Executive Committee, the proceeds payable to the Members upon a Sale of the Company that is structured as a sale of equity, rather than a sale of assets, shall be allocated by the Executive Committee among the classes and/or series of Membership Interests such that the Members shall receive the same amount of proceeds that would be payable to them if such transaction were structured as a sale of all of the assets of the Company followed by the dissolution, winding up and liquidation of the Company such that the Members would receive the same consideration payable or allocable if such transaction were a Liquidating Event.

ARTICLE XII GENERAL

12.1 Amendments; Waivers. This Agreement and any Annex, Exhibit, which may be amended, supplemented or modified by the parties thereto, or Schedule attached to this Agreement may be amended, supplemented, or modified only by the agreement in writing of the Company and all Members. Any amendment, supplement, or modification that is effected in accordance with this Section 12.1 shall be binding on the Company, the Executive Committee, the Members, and the LSC Owners. No waiver of any provision or default under, nor consent to any exception to, the terms of this Agreement or any agreement contemplated hereby shall be effective unless in writing and signed by the Party to be bound and then only to the specific purpose, extent and instance so provided.

12.2 Further Assurances. Each Party agrees that it will from time to time, upon the reasonable request of another Party, execute such documents and instruments and take such further action as may be required to accomplish the purposes of this Agreement.

12.3 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon the Parties and their respective successors and assigns, but shall inure to the benefit of and be enforceable by the successors and assigns of any Party only to the extent that they are permitted successors and assigns (including Permitted Transferees and LSC Permitted Transferees) pursuant to the terms of this Agreement. Except as expressly permitted by this Agreement, no Party may assign any of its rights or obligations under this Agreement.

12.4 Entire Agreement. This Agreement, together with all Annexes, Exhibits and Schedules to this Agreement and all other agreements referenced therein and herein, including the Asset Purchase Agreement, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth herein and therein.

12.5 Rights Independent. The rights available to the Parties under this Agreement and at law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more and/or any combination of such rights may be exercised by a Party from time to time and no such exercise shall exhaust the rights or preclude another Party from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

12.6 Governing Law. This Agreement, the legal relations between the Parties and any Action, whether contractual or non-contractual, instituted by any Party with respect to matters arising under or growing out of or in connection with or in respect of this Agreement shall be governed by and construed

in accordance with the laws of the State of Delaware applicable to contracts made and performed in such State and without regard to conflicts of law doctrines.

12.7 Headings. The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

12.8 Signatures. This Agreement and any amendment to this Agreement or any other agreement (or document) delivered pursuant hereto may be executed by facsimile or pdf and in two or more counterparts and by different Parties in separate counterparts. All signatures delivered by facsimile or pdf shall have the same force and effect as manual signatures. All counterparts shall constitute one and the same agreement (or other document) and shall become effective (unless otherwise provided therein) when two or more counterparts have been signed by each Party and delivered to the other Party.

12.9 Notices. Any notice or other communication to the Company, any Member, or Nationwide hereunder must be given in writing and (a) delivered in person, (b) transmitted by telex, facsimile, e-mail or telecommunications mechanism, provided that any notice so given is also mailed as provided in clause (c), or (c) mailed by certified or registered mail, postage prepaid, receipt requested as follows:

The Company:

c/o Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
Attention: Chief Financial Officer

Calavo:

c/o Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
Attention: Chief Financial Officer

LSC:

Lisa's Salsa Company
2124 University Avenue W
St. Paul, Minnesota 55114

LSC Owners:

Lisa and Eric Nicholson
[***]

or to such other address or to such other Person as any Party shall have last designated by such notice to the other Parties. Each such notice or other communication shall be effective (i) if given by telecommunication, facsimile or email, when transmitted to the applicable number so specified in (or pursuant to) this Section 12.9, if transmitted after 4:00 p.m. local time on a Business Day in the jurisdiction to which such notice is sent or at any time on a day that is not a Business Day in the jurisdiction to which such notice is sent, then on the immediately following Business Day, (ii) if given by mail, on the first Business Day in the jurisdiction to which such notice is sent following the date five days

after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, on the Business Day when actually received at such address or, if not received on a Business Day, on the Business Day immediately following such actual receipt.

12.10 Representation by Counsel; Interpretation. Each Party acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived.

12.11 Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable by any court of competent jurisdiction, the remaining provisions of this Agreement, to the extent permitted by law shall remain in full force and effect provided that the essential terms and conditions of this Agreement for all Parties remain valid, binding and enforceable.

12.12 Valuation of Other Assets and Company Securities. Except for purposes of Article VII (Transfer of Membership Interests and Ownership Interests in Members), the “Fair Market Value” of all non-cash assets or of any Membership Interests or other securities issued by the Company shall mean the fair value for such assets or securities as between a willing buyer and a willing seller in an arm’s-length transaction occurring on the date of valuation as determined by the Executive Committee in its sole discretion, taking into account all relevant factors determinative of value (and giving effect to any transfer taxes payable or discounts in connection with such sale).

12.13 Power of Attorney. Each Member and LSC Owner hereby constitutes and appoints the Executive Committee, with full power of substitution, as his, her or its true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (a) all certificates and other instruments and all amendments thereof in accordance with the terms hereof which the Executive Committee deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (b) all instruments which the Executive Committee deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (c) all conveyances and other instruments or documents which the Executive Committee and/or if applicable, the Winding-Up Member deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (d) all instruments relating to the admission, withdrawal or substitution of any Member pursuant to Article VII (Transfer of Membership Interests and Ownership Interests in Members). The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member, or LSC Owner and the Transfer of all or any portion of his, her or its Membership Interest or Ownership Interests and shall extend to such Member’s heirs, successors, assigns and personal representatives.

12.14 Accountants, Legal Counsel. The Company’s accountants and legal counsel may also serve as accountants and legal counsel for either Member and any of his, her or its other Affiliates, and each Member and the LSC Owners hereby acknowledge and waive any conflict of interest which might arise as a result.

12.15 Jury Trial Waiver. Each party hereto agrees that all rights to a trial by a jury of any claim arising out of or relating to this Agreement are forever and absolutely waived.

[signature page follows]

IN WITNESS WHEREOF, each of the Parties has caused this Amended and Restated Limited Liability Company Agreement to be executed by its duly authorized officer as of the day and year first above written.

COMPANY:

Calavo Salsa Lisa, LLC

By: /s/ Lecil E. Cole

Name: Lecil E. Cole

Title: Chief Executive Officer

MEMBERS:

CALAVO GROWERS, INC.

By: /s/ Lecil E. Cole

Name: Lecil E. Cole

Title: Chief Executive Officer

LISA'S SALSA COMPANY

By: /s/ Elizabeth Nicholson

Name: Elizabeth Nicholson

Title: President

LSC OWNERS:

By: /s/ Elizabeth Nicholson

Name: Elizabeth Nicholson

By: /s/ Eric Nicholson

Name: Eric Nicholson

Annex A

Definitions

“Action” means any action, complaint, petition, investigation, suit or other proceeding, whether civil or criminal, in law or in equity, or before any arbitrator or Governmental Entity.

“Adjusted Capital Account Balance” means, with respect to any Member for any period, the balance, if any, in such Member’s Capital Account as of the end of such period, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts that such Member is obligated to restore or is deemed obligated to restore as described in the penultimate sentence of Treasury Regulations Section 1.704-2(g)(1) and in Treasury Regulations Section 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

“Adjusted Capital Account Deficit” means, with respect to any Member for any Fiscal Year, the deficit balance, if any, in such Member’s Capital Account as of the end of such Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts that such Member is obligated to restore or is deemed obligated to restore as described in the penultimate sentence of Treasury Regulations Section 1.704-2(g)(1) and in Treasury Regulations Section 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

“Adjusted Fair Market Value” of an item of Company property means the greater of (i) the Fair Market Value of such property as determined by the Executive Committee or (ii) the amount of any nonrecourse indebtedness to which such property is subject within the meaning of Section 7701(g) of the Code.

“Affiliate” means a Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. For purposes of this definition, “controls,” “is controlled by,” or “is under common control with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Amended and Restated Limited Liability Company Agreement, including all Annexes, Exhibits and Schedules attached to this Agreement, as it may be amended, supplemented and/or restated from time to time.

“Appraiser” has the meaning set forth in Section 7.7.

“Approved Financing” has the meaning set forth in Section 3.9.

“Asset Purchase Agreement” has the meaning set forth in the Recitals.

“Auditors” means such firm of independent accountants selected in accordance with the terms of this Agreement to independently audit and report on the financial statements of the Company.

“Bank of America Rate” means the rate of interest charged from time to time to Calavo by Bank of America, N.A. under the then-existing loan agreement between Calavo and Bank of America, N.A., as such agreement may be amended or superseded from time to time, and as such rate may vary from time to time. In the event Calavo no longer borrows funds from the Bank of America, N.A. pursuant to any agreement, Calavo may substitute another rate of interest which rate of interest shall be based upon any agreement with another lender pursuant which Calavo borrows a material amount of its aggregate borrowed funds.

“Bankruptcy” has the meaning set forth in Section 11.2.

“Book Basis” means, with respect to any asset of the Company, the adjusted basis of such asset for federal income tax purposes; provided, however: (i) if any asset is contributed to the Company, the initial Book Basis of such asset shall equal its fair market value on the date of contribution, and (ii) if the Capital Accounts of the Members are adjusted pursuant to Treasury Regulations Section 1.704-1(b) to reflect the fair market value of any asset of the Company, the Book Basis of such asset shall be adjusted to equal its respective fair market value as of the time of such adjustment in accordance with such Treasury Regulations. The Book Basis of all assets of the Company shall be adjusted thereafter by depreciation as provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and any other adjustment to the basis of such assets other than depreciation or amortization.

“Business Day” means in a jurisdiction, any day other than a Saturday, Sunday or other day on which commercial banks in such jurisdiction are authorized by law to be closed.

“Buy Out Notice” has the meaning set forth in Section 7.2.

“Buy Out Offer” has the meaning set forth in Section 7.3.

“Buy Out Option” has the meaning set forth in Section 7.2.

“Calavo” has the meaning set forth in the Introduction.

“Calavo Designees” has the meaning set forth in Section 6.2.

“Calavo Event Purchase Option” has the meaning set forth in Section 7.5.

“Capital Account” means, with respect to any Member, the capital account maintained for such Member in accordance with Section 3.4 of this Agreement.

“Capital Contribution” means a contribution to the capital of the Company in cash or property by all Members or any class of Members or any one Member (or in either case by the predecessor holders of the Membership Interest of such Members or Member).

“Certificate” has the meaning as set forth in Section 2.1.

“Code” means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law.)

“Company” means Calavo Salsa Lisa, LLC, a Delaware limited liability company.

“Company Loan” has the meaning set forth in Section 3.8.

“Compensation Committee” has the meaning set forth in Section 6.3.

“Confidential Information” has the meaning set forth in Section 6.5(a).

“Contract” means any agreement, bond, purchase order, enforceable commitment, franchise, indenture, instrument, lease or license, whether or not in writing.

“Counter Offer” has the meaning set forth in Section 7.3.

“Defaulting Party” has the meaning set forth in Section 9.1.

“Delaware LLC Act” means the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, et seq., as amended from time to time (or any corresponding provisions of succeeding law).

“Earn Out Payment” has the meaning set forth in Section 2.4 of the Asset Purchase Agreement.

“EBTDA” means earnings before taxes, depreciation and amortization, determined by the Company (in consultation with Calavo) in accordance with the accounting principles used by Calavo in its audited financial statements for the applicable fiscal year and, consistent with the manner in which Calavo calculates EBTDA. For avoidance of any doubt, EBTDA is to be calculated after deducting interest expense, and is not intended to be “EBITDA.”

“EBTDA Multiple” has the meaning set forth in Section 7.3.

“Event Notification” has the meaning set forth in Section 7.5.

“Event Purchase Option” has the meaning set forth in Section 7.5.

“Event Option Exercise Period” has the meaning set forth in Section 7.5.

“Executive Committee” has the meaning set forth in Section 6.2.

“Exercise Price” has the meaning set forth in Section 7.2.

“Fair Market Value” has the meaning set forth in Section 12.12.

“Final Fair Market Value” has the meaning set forth in Section 7.7.

“Fiscal Year” means (i) the period commencing on the effective date of this Agreement and ending on October 31, 2010, (ii) any subsequent twelve (12) month period commencing on November 1st and ending on the next October 31st, or (iii) any portion of the period described in clause (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article IV hereof. The Company promptly shall notify the Members if the Company changes its Fiscal Year at any time after the date of this Agreement, and any provisions of this Agreement which, by their terms, are determined according to, or dependent upon, the Fiscal Year shall be appropriately adjusted.

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

“Governmental Entity” means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

“Indemnitee” has the meaning set forth in Section 6.4(a).

“Initial Note” has the meaning set forth in Section 3.8.

“Interest Rate” shall mean the Bank of America Rate plus 2% (200 basis points). Effect shall be given to any change in the Interest Rate as a result of any change in the Bank of America Rate on the date of each such change. The Interest Rate shall in no event exceed the maximum interest rate provided by law with respect to borrowed funds.

“Internal Services” has the meaning set forth in Section 8.3.

“Involuntary Transfer” has the meaning set forth in Section 7.5.

“Laws” means all foreign, federal, state and local statutes, laws, ordinances, regulations, rules, resolutions, orders, determinations, writs, injunctions, awards, judgments and decrees applicable to the specified persons or entities.

“Lending Member” has the meaning set forth in Section 3.8.

“Liquidating Events” has the meaning set forth in Section 11.1.

“Losses” has the meaning set forth under the definition of “Profit” and “Loss.”

“LSC” has the meaning set forth in the Introduction.

“LSC Designee” has the meaning set forth in Section 6.2.

“LSC Owners” has the meaning set forth in the Introduction.

“LSC Permitted Transferees” has the meaning set forth in Section 7.4.

“Member” means any Person that executes this Agreement as a Member, and any other Person admitted to the Company as an additional or substituted Member in accordance with the terms and conditions of this Agreement, provided such Person has not Transferred all of its Membership Interest in accordance with the terms of this Agreement.

“Membership Interest” means a Member’s allocable share of the Company’s Profits, Loss, and similar items and the Member’s rights to receive distributions from the Company, together with all obligations of such Member to comply with the provisions of this Agreement.

“Net Sales” means net sales as determined by the Company (in consultation with Calavo) in accordance with the accounting principles used by Calavo in determining its Net Sales reported in its audited financial statements for the applicable fiscal year.

“Nicholson Option” has the meaning set forth in Section 7.5.

“Nicholson Option Notification” has the meaning set forth in Section 7.5.

“Non-Defaulting Party” has the meaning set forth in Section 9.1.

“Nonrecourse Deduction” means a nonrecourse deduction determined pursuant to Treasury Regulations Section 1.704-2(c).

“Offering Member” has the meaning set forth in Section 7.3.

“Option Termination Date” has the meaning set forth in Section 7.2.

“Original Operating Agreement” has the meaning set forth in the Recitals.

“Outgoing Member” has the meaning set forth in Section 7.5.

“Ownership Interest” has the meaning set forth in Section 7.4(a).

“Partner (Member) Nonrecourse Debt” means any liability of the Company to the extent that (i) the liability is nonrecourse for purposes of Treasury Regulations Section 1.1001-2 and (ii) a Member or a Related Person bears the economic risk of loss under Treasury Regulations Section 1.752-2.

“Partner (Member) Nonrecourse Debt Minimum Gain” means minimum gain attributable to Partner (Member) Nonrecourse Debt pursuant to Treasury Regulations Section 1.704-2(i)(2).

“Partner (Member) Nonrecourse Deduction” means any item of book loss or deduction that is attributable to a Partner (Member) Nonrecourse Debt pursuant to Treasury Regulations Section 1.704-2(i).

“Partnership (Company) Minimum Gain” means partnership minimum gain determined pursuant to Treasury Regulations Section 1.704-2(d).

“Party” means any party to this Agreement.

“Percentage Interest” with respect to a Member means the percentage set forth opposite such Member’s name on Schedule A.

“Permitted Transferee” has the meaning set forth in Section 7.1(b).

“Person” shall be construed broadly and shall include an individual, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization, a Governmental Entity or any department, agency or political subdivision thereof, and any other entity or organization.

“Profit” and “Loss” means for each taxable year or other period, an amount equal to the Company’s taxable income or tax loss for the year or other period, determined in accordance with Section 703(a) of the Code (including all items of income, gain, loss or deduction required to be stated separately under Section 703(a)(1) of the Code), with the following adjustments:

(a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profit or Loss will be added to taxable income or tax loss;

(b) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures under Treasury Regulations Section 1.704-1(b)(2)(iv)(i),

and not otherwise taken into account in computing Profit or Loss, will be subtracted from taxable income or tax loss;

(c) gain or loss resulting from any disposition of Company assets with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Book Basis of the property, notwithstanding that the adjusted tax basis of the property differs from its Book Basis;

(d) in lieu of depreciation, amortization and other cost recovery deductions taken into account in computing taxable income or tax loss, there will be taken into account depreciation for the taxable year or other period as determined in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g);

(e) any items specially allocated pursuant to Section 4.3 shall not be considered in determining Profit or Loss; and

(f) any increase or decrease to Capital Accounts as a result of any adjustment to the book value of Company assets pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) or (g) shall constitute an item of Profit or Loss as appropriate.

“Purchaser” has the meaning set forth in Section 7.5.

“Receiving Member” has the meaning set forth in Section 7.3.

“Related Person” means, with respect to a Member, a person that is related to such Member pursuant to Treasury Regulations Section 1.752-4(b).

“Revaluation Event” means, subject to Section 3.5(a), (i) a liquidation (within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g)) of the Company; or (ii) a contribution of more than a *de minimis* amount of money or other property to the Company by a new or existing Member or a distribution of more than a *de minimis* amount of money or other property to a retiring or continuing Member.

“Sale of the Company” means (i) any sale of Membership Interests of the Company following which the holders of Membership Interests immediately prior to such sale own, directly or indirectly, less than fifty percent (50%) of all Percentage Interests, (ii) any sale of all or substantially all of the assets of the Company, or (iii) any plan of reorganization, recapitalization, merger or consolidation involving the Company except for a reorganization, recapitalization, merger or consolidation where the holders of the combined Percentage Interests represented by the Membership Interests of the Company immediately prior to such reorganization, recapitalization, merger or consolidation own, directly or indirectly, at least fifty percent (50%) of the Percentage Interests or other voting securities of the company or other entity resulting from such reorganization, recapitalization, merger or consolidation.

“Securities Act” means the Securities Act of 1933, as amended, or any successor Federal statute, and the rules and regulations of the Securities and Exchange Commission thereunder, all as the same shall be in effect from time to time.

“Service Payments” has the meaning set forth in Section 8.3.

“Subsequent Counter Offer” has the meaning set forth in Section 7.3.

“Tax Basis” means, with respect to any item of Company property, the adjusted basis of such property as determined in accordance with the Code.

“Tax Matters Member” means the “tax matters partner” as defined in Code Section 6231(a)(7) and as appointed in Section 10.3.

“Third Party Offer” means any offer to enter into a Sale of the Company transaction with a person other than a Member or an Affiliate of a Member.

“Transfer” means, as a noun, any voluntary or involuntary sale, assignment, gift, pledge, hypothecation, mortgage, exchange, or other disposition, or other disposition (including as a result of a merger, reorganization or other similar event) and, as a verb, voluntarily or involuntarily to sell, assign, gift, pledge, hypothecate, mortgage, exchange or otherwise dispose of.

“Treasury Regulations” means pronouncements, as amended from time to time, or their successor pronouncements, which clarify, interpret and apply the provisions of the Code, and which are designated as “Treasury Regulations” by the United States Department of the Treasury.

“Triggering Event” has the meaning set forth in Section 7.5.

“Winding-Up Member” has the meaning set forth in Section 11.3(a).

SCHEDULE A
Capital Contributions

<u>Member</u>	<u>Capital Contribution</u>	<u>Percentage Interest</u>
Calavo Growers, Inc.	\$100,000.00	65%
Lisa's Salsa Company*	\$ 53,846.15	35%

* Lisa's Salsa Company's Capital Contribution was made in the form of goodwill, not cash, pursuant to the Asset Purchase Agreement.

SCHEDULE B

The Company is to reimburse Calavo for the following Expenses:

Description of Expenses	Date	Amount
MC Squared: Label Design	12/9/2009	\$1,706.50
Fedex: Container Search	1/15/2010	\$ 427.07
TOTAL:		\$2,133.57

EXHIBIT A
FORM OF PROMISSORY NOTE
CALAVO SALSA LISA, LLC
SECURED PROMISSORY NOTE

\$300,000.00

February 8, 2010
Los Angeles, California

FOR VALUE RECEIVED, CALAVO SALSA LISA, LLC, a Delaware limited liability company (the “**Company**”), promises to pay to the order of Calavo Growers, Inc., a California corporation (the “**Holder**”), at the address of Holder specified in Section 7 below, the principal sum of \$300,000.00, plus interest thereon at the Interest Rate. All unpaid principal, together with any accrued but unpaid interest and other amounts payable hereunder, shall be due and payable on the Maturity Date, or as otherwise provided in this Note. This Note is being made in connection with a loan made from a member of the Company (“**Member**”) to the Company in accordance with Section 3.8 of that certain Amended and Restated Limited Liability Company Agreement (“**LLC Agreement**”), dated February 8, 2010, by and among the Company, Calavo Growers, Inc. (“**Calavo**”) and Lisa’s Salsa Company (“**LSC**”), as Members, and Elizabeth and Eric Nicholson as the sole owners of Lisa’s Salsa Company. Capitalized terms not otherwise defined herein shall have the meaning set forth in the LLC Agreement. The Company agrees that it shall not attempt to subordinate the payment of this Note to the payment of any other indebtedness without the written consent of Holder (it being understood that the entering into of purchase money and capital lease financing shall not be prohibited).

The payment of the unpaid principal balance and accrued interest under this Note is secured pursuant to the terms of that certain security agreement, dated as of the date hereof, by and between the Holder and the Company (the “**Security Agreement**”)

The following is a statement of the rights of the Holder and the terms under which this Note is subject, and to which the Holder, by the acceptance of this Note, agrees:

1. **Definitions.** As used in this Note, the following capitalized terms have the following meanings:

(a) “**Affiliate**” means a Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. For purposes of this definition, “controls,” “is controlled by,” or “is under common control with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(b) “**Bank of America Rate**” means the rate of interest charged from time to time to Calavo by Bank of America, N.A. under the then-existing loan agreement between Calavo and Bank of America, N.A., as such agreement may be amended or superceded from time to time, and as such rate may vary from time to time. In the event Calavo no longer

borrow funds from the Bank of America, N.A. pursuant to any agreement, Calavo may substitute another rate of interest which rate of interest shall be based upon any agreement with another lender pursuant which Calavo borrows a material amounts of its aggregate borrowed funds.

(c) **“Business Day”** means in a jurisdiction, any day other than a Saturday, Sunday or other day on which commercial banks in such jurisdiction are authorized by law to be closed.

(d) **“Executive Committee”** has the meaning set forth in the LLC Agreement.

(e) **“Interest Rate”** shall mean the Bank of America Rate plus 2% (200 basis points). Effect shall be given to any change in the Interest Rate as a result of any change in the Bank of America Rate on the date of each such change.

(f) **“Event of Default”** has the meaning given in Section 2 hereof.

(g) **“Holder”** shall mean the Person specified in the introductory paragraph of this Note or any Person to whom this Note is endorsed or assigned; provided, that any assignment or transfer of this Note or any rights hereunder shall be subject to the prior written consent of the Company and any assignment or transfer without such consent shall be null and void. Notwithstanding the foregoing, this Note may be assigned to (i) any Person that is the sole record owner of all ownership interests in the transferor, (ii) an entity wholly-owned by the transferor or wholly-owned by the Person or Persons that owns the transferor. Any person that becomes a Holder hereunder shall be deemed to have agreed to be bound by the terms of this Note as if a party thereto to the same extent the original Holder was bound.

(h) **“Maturity Date”** shall mean the earlier of (i) January 31, 2015, or (ii) the date of a Sale of the Company or an initial public offering of the equity interests of the Company, which offering results in net proceeds to Company of at least \$20,000,000.

(i) **“Member”** has the meaning set forth in the LLC Agreement.

(j) **“Membership Interest”** has the meaning set forth in the LLC Agreement.

(k) **“Percentage Interest”** has the meaning set forth in the LLC Agreement.

(l) **“Person”** shall be construed broadly and shall include an individual, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization, a governmental entity or any department, agency or political subdivision thereof, and any other entity or organization.

(m) **“Sale of the Company”** means (i) any sale of Membership Interests of the Company following which the holders of Membership Interests immediately prior to such sale own, directly or indirectly, less than fifty percent (50%) of all Percentage Interests, (ii) any sale of all or substantially all of the assets of the Company, or (iii) any plan of reorganization, recapitalization, merger or consolidation involving the Company except for a reorganization, recapitalization, merger or consolidation where the holders of the combined Percentage Interests

represented by the Membership Interests of the Company immediately prior to such reorganization, recapitalization, merger or consolidation own, directly or indirectly, at least fifty percent (50%) of the combined Percentage Interests or other voting securities of the company or other entity resulting from such reorganization, recapitalization, merger or consolidation.

2. Payment.

(a) Principal. Payments of principal shall be amortized quarterly on a straight line basis until the Maturity Date, and shall be due and payable on the last Business Day of each fiscal quarter (any such date a "**Payment Date**"), starting with April 30, 2010. Any remaining unpaid and accrued principal, together with any then unpaid and accrued interest and other amounts payable hereunder, as of the Maturity Date shall be due and payable on the Maturity Date. In the event payment is not made on the Payment Date, the amount of any principal due with respect to such Payment Date shall continue to accrue interest at the Interest Rate until paid, and any amounts past due shall be made on the next Payment Date on which CSL has sufficient available cash to make such payment in accordance with Section 5.4(b) of the Amended and Restated Limited Liability Company Agreement of CSL, dated the same date herewith, among CSL, Holder, and the other signatories thereto.

(b) Interest. Interest shall accrue on any unpaid principal from the date hereof at the Interest Rate. All accrued interest shall be due and payable in arrears on each Payment Date as provided in Section 2(a). Interest shall be calculated up to and including the Payment Date. Interest shall be computed based on the basis of a 365-day year for the actual number of days elapsed. All accrued interest shall be payable only in cash when due.

(c) Voluntary Prepayment. Company may prepay this Note in whole or in part at any time upon five (5) days prior notice without premium or penalty.

(d) Priority of Payments. All payments made by Company hereunder (including, without limitation, any prepayments) shall be applied first to the payment of Holder's expenses due under this Note, if any, second to interest accrued on this Note and third, to the payment of principal of this Note.

(e) Events of Default. The following shall constitute an event of default ("Event of Default"): (i) the Company's failure to pay any amounts of principal or accrued interest by January 31, 2017, provided however that if one Member of the Company has not completed the purchase of the Membership Interest of the other Member pursuant to Section 7.2 (*Buy Out Option*) or 7.3 (*Buy Out Bidding Process*) of the LLC Agreement by January 31, 2017, such date shall be extended until one Business Day after the closing of the purchase by one Member of the Membership Interest of the other Member pursuant to the LLC Agreement; (ii) the dissolution, liquidation or termination of the legal existence of the Company without the consent of Holder (except in connection with a Sale of the Company, provided (X) Holder consents thereto and (Y) such purchasing party agrees to assume all of the Company's obligations under this Note); (iii) the appointment of a receiver, trustee or similar judicial officer or agent to take charge of or to liquidate any property or assets of the Company; (iv) action by any court to take jurisdiction of all or substantially all of the assets of the Company; (v) the commencement of any proceeding under any provision of the Bankruptcy Code of the United

States, as now in existence or hereafter amended, or of any other proceeding under any federal or state law, now existing or hereafter in effect, relating to bankruptcy, reorganization, insolvency, liquidation or otherwise, for the relief of debtors or readjustment of indebtedness, by or against the Company; (vi) the occurrence of a Sale of the Company, unless either (X) Holder consents thereto or (Y) all amounts due hereunder are repaid in full concurrently therewith, (vii) the failure by Company in any material respect to observe or perform any covenant, obligation, condition or agreement contained in this Note or the Security Agreement, except as may be approved by the Executive Committee or the Holder, or (viii) any breach by the Members of the Company (other than Holder) of the LLC Agreement that is not cured in accordance with Section 9.1 of the LLC Agreement.

3. Rights of the Holder upon Default.

(a) Acceleration/Forbearance. If any Event of Default shall occur, at the option of Holder, upon written notice to the Company, the outstanding principal amount of, and any unpaid accrued interest on, this Note shall become immediately due and payable, except that in the case of an Event of Default of the type described in Section 2(e)(iii), (iv), and (v) above, such acceleration shall be automatic and not optional on the part of Holder.

(b) Remedies on Default. In case any one or more Events of Default shall occur and be continuing, the Holder may proceed to protect and enforce its rights by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein, in the Security Agreement, or in the LLC Agreement or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise. No course of dealing and no delay on the part of the Holder in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice the Holder's rights, powers or remedies. No right, power or remedy conferred by this Note, the Security Agreement, or the LLC Agreement upon the Holder shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise.

4. Right to Offset. The Company shall have no right under this Note, or otherwise, to withhold or set-off any amount due or to become due under this Note, and the Company hereby relinquishes and waives any and all such rights as may otherwise exist.

5. Waiver of Presentment. The Company (a) waives presentment, demand for payment, protest, notice of demand, dishonor, protest and nonpayment, diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note, and all other notices and demands in connection with the delivery, acceptance, performance, default under, and enforcement of this Note; (b) waives the right to assert any statute of limitations as a defense to the enforcement of this Note to the fullest extent permitted by law; and (c) consents to any forbearance by the Holder and to the release, addition, and substitution of any party liable for payment of this Note and of any or all of the security for this Note without notice to and without in any way affecting the liability of any party for payment of this Note.

6. Waiver and Amendment. This Note may not be amended, supplemented, modified or waived except in a writing executed by the Company and the Holder. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. No delay or omission of the Holder to exercise any right, whether before or after a default hereunder, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by the Holder of any past-due amount shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or thereafter due and payable.

7. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed (by first class registered or certified mail, postage prepaid), sent by express overnight courier service or electronic facsimile or pdf transmission with a copy by mail, or delivered to the applicable party to such addresses as set forth in the LLC Agreement or, as to each of the foregoing, at such other address as shall be designated by such person in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communications shall, when mailed or sent, respectively, be effective (i) three days after being deposited in the mails or (ii) one Business Day after being deposited with the express overnight courier service or sent by electronic facsimile transmission (with receipt confirmed), respectively, addressed as aforesaid.

8. Usury. In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

9. Governing Law. This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of the State of Delaware, or of any other state.

10. Jury Trial Waiver. Each party hereto agrees that all rights to a trial by a jury of any claim arising out of or relating to this Agreement are forever and absolutely waived.

11. Payment on Non-Business Days. Whenever any payment to be made on this Note shall be stated to be due on a day which is not a Business Day such payment may be made on the next succeeding Business Day.

IN WITNESS WHEREOF, Company has caused this Note to be issued and delivered to Holder as of the date first written above.

COMPANY:

CALAVO SALSA LISA, LLC,
a Delaware limited liability company

By: /s/ Lecil E. Cole

Name: Lecil E. Cole

Title: Chief Executive Officer

EXHIBIT B
SECURITY AGREEMENT

This Security Agreement (this "**Agreement**") is executed and delivered as of February 8, 2010 to Calavo Growers, Inc. ("**Calavo**"), a California corporation whose mailing address is 1141A Cummings Road, Santa Paula, California 93060, by Calavo Salsa Lisa, LLC, a Delaware limited liability company ("**CSL**") having its place of business located at 2124 University Avenue W, St. Paul, Minnesota 55114.

Recitals

A. On the same date herewith, Calavo has made a loan to CSL in the principal amount of \$300,000.00 which loan is evidenced by that certain Secured Promissory Note of even date herewith between Calavo and CSL (the "**Note**").

B. This Agreement is made and given pursuant to that Note.

Agreement

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Calavo and CSL (singly sometimes herein each a "**Party**", and collectively sometimes herein collectively the "**Parties**") hereby agree as follows:

SECTION 1. DEFINITIONS

Unless otherwise defined herein, initially capitalized terms herein shall have the meanings described to them in the Note. Where applicable, all terms used herein shall have the same meaning as set forth in the Uniform Commercial Code of the State of Delaware (the "**UCC**").

SECTION 2. GRANT OF SECURITY INTEREST

As an inducement for Calavo to extend the loan as evidenced by the Note and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations (defined below), CSL hereby unconditionally and irrevocably grants to the Calavo a continuing security interest in and to, a lien upon and a right of set-off against all of its respective right, title and interest of whatsoever kind and nature in and to, all of the following property whether now existing or hereafter acquired, together with all accessions, additions, substitutions, replacements or improvements thereto, and all proceeds, products, rents, profits and products thereof (collectively, the "**Collateral**"):

(a) All goods, including, without limitations, (A) all machinery, equipment, computers, motor vehicles, trucks, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with CSL's business and all improvements thereto; and (B) all inventory;

(b) All contract rights and other general intangibles, including, without limitation, (A) all contract rights pursuant to any lease agreement, distribution agreement, supply agreement, or customer agreement, and any renewals, amendments, restatements, extensions or successors of such

agreements, (B) all partnership or joint venture interests, membership interests, stock or other securities, licenses, distribution and other agreements, (C) computer software (whether "off-the-shelf", licensed from any third party or developed by CSL or its predecessor), and computer software development rights, (D) franchises, customer lists, quality control procedures, grants and rights, goodwill, (E) trademarks, service marks, trade styles and trade names, (F) patents, patent applications, copyrights, (G) income tax refunds, and (H) any other intellectual property of CSL, including but not limited to [***];

(c) All accounts, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each account, including any right of stoppage in transit;

(d) All rights to payment for goods sold or leased or services rendered, whether or not earned by performance and all rights in respect of the person obligated to make such payment, including without limitation, all such rights in which CSL has any right, title or interest by reason of the purchase thereof by CSL, and including without limitation all such rights constituting or evidenced by any account, chattel paper, instrument, general intangible, note, contract, invoice, purchase order, draft, acceptance, book debt, intercompany account, security agreement, or other evidence of indebtedness or security, together with (a) any collateral assigned, hypothecated or held to secure any of the foregoing and the rights under any security agreement granting a security interest in such collateral, (b) all goods, the sale of which gave rise to any of the foregoing, including, without limitation, all rights in any returned or repossessed goods and unpaid seller's rights, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, and (d) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith;

(e) All documents, letter-of-credit rights, instruments and chattel paper;

(f) All commercial tort claims;

(g) All investment property;

(h) All supporting obligations; and

(i) All files, records, books of account, business papers, and computer programs.

Notwithstanding the foregoing, "Collateral" shall not include any lease, license, contract, property rights or agreement to which CSL is a party or any of its rights or interests thereunder, or any assets governed thereby, if and for so long as the grant of such security interest shall constitute or result in (A) the abandonment, invalidation or unenforceability of any right, title or interest of CSL or (B) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the U.S. bankruptcy code) or principles of equity), provided however that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (A) or (B) above.

SECTION 3. THE OBLIGATIONS

The security interest granted hereunder shall secure the payment of all indebtedness and the performance of all obligations, and the accuracy of all representations and warranties, of CSL to Calavo of every type and description, whether now existing or hereafter arising, fixed or contingent, liquidated or unliquidated, under or with respect to this Agreement and/or the Note (collectively, the “**Loan Documents**”) regardless of how they arise, including without limitation, any modifications, renewals or extensions thereof, any future advances thereunder, and all other extensions of credit and all covenants, agreements, and provisions contained therein (collectively, the “**Obligations**”).

SECTION 4. REPRESENTATIONS, WARRANTIES AND COVENANTS

CSL represents, warrants and covenants as follows:

(a) **Title to Collateral.** Except for the security interest in favor of Calavo granted herein and Permitted Liens, CSL has clear title to all Collateral free of all adverse claims, interests, liens, or encumbrances, and title to (or valid leasehold interests in) the Collateral free and clear of any adverse interests that might materially and adversely affect Calavo’s first-priority security interest in the Collateral contemplated hereby or Calavo’s enforcement thereof. Without the prior written consent of Calavo, which consent Calavo may withhold in its sole discretion, CSL shall not create or permit the existence of any such adverse claims, interests, liens, or other encumbrances against any of the Collateral. CSL shall provide prompt written notice to Calavo of any future adverse claims, interests, liens, or encumbrances, and shall defend diligently (at CSL’s expense) CSL’s and Calavo’s interests in all Collateral. “**Permitted Liens**” shall mean any of the following (1) liens for taxes, fees, assessments or other governmental charges which are not yet due and payable or which are being contested in good faith with a reserve or other appropriate provision having been made therefor; (2) statutory liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law which are incurred in the ordinary course of business; (3) liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security; (4) liens upon or in any equipment acquired or held by CSL to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment and (5) liens arising from judgments, decrees or attachments.

12.16 **Validity of Security Agreement; Legal Authority.** Each of the Loan Documents is the legal, valid and binding obligation of CSL, enforceable in accordance with its terms. CSL has the legal power to execute, deliver and carry out the terms and provisions of each such Loan Document and all related documents to which it is a party, and has taken all necessary legal action to authorize the execution, delivery and performance of each such Loan Document and all related documents. Such execution, delivery and performance do not and will not (i) require any consent or approval of any mortgagee, lessor or other person or entity, except such consents as shall have been obtained; (ii) contravene CSL’s limited liability company agreement (the “**LLC Agreement**”), charter or bylaws or other organizational documents; (iii) (to the best of CSL’s knowledge) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to CSL; (iv) (to the best of CSL’s knowledge) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other material agreement, lease, or instrument to which CSL is a party or by which it or its properties may be bound or affected; (v) (to the best of CSL’s knowledge) result in, or require, the creation or imposition of any lien or encumbrance (except in favor of Calavo), upon or with respect to any of the properties now owned or hereafter acquired by CSL; or (vi) (to the best of CSL’s knowledge) cause CSL to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such material indenture, agreement, lease or instrument.

12.17 Location of Formation. CSL is duly organized and existing as a Delaware limited liability company.

12.18 Location of CSL. CSL's place of business is located at the address shown above.

12.19 Location of Collateral. All the Collateral is now at CSL's place of business, except for such portions thereof (if any) that may be in Calavo's possession.

12.20 Change in Name, Location of Collateral, Etc. Without giving at least thirty (30) days' prior written notice to Calavo, CSL shall not change its name, identity, or corporate or legal structure, its jurisdiction of its organization, the location of its place of business (or chief executive office if more than one place of business), or the location of the Collateral.

12.21 Further Assurances. Upon the request of Calavo, CSL shall do all acts and things as Calavo may from time to time deem necessary or advisable to enable Calavo to perfect, maintain, and continue the perfection and first-priority of the security interest of Calavo in the Collateral, or to facilitate the exercise by Calavo of any rights or remedies granted to Calavo hereunder or provided by law. Without limiting the foregoing, CSL shall execute, in form and substance satisfactory to Calavo, such financing statements, amendments thereto, supplemental agreements, assignments, notices of assignments, and other instruments and documents as Calavo may from time to time request, and hereby authorizes Calavo to file such financing statements and/or other documents as Calavo may deem necessary or appropriate to perfect and or maintain or continue its first-priority security interest in the Collateral. In addition, in the event the Collateral or any part thereof consists of instruments, documents, chattel paper, or money (whether or not proceeds of the Collateral), CSL shall, upon the request of Calavo, deliver possession thereof to Calavo (or to an agent of Calavo retained for that purpose), together with any appropriate endorsements and/or assignments. Calavo shall use reasonable care in the custody and preservation of such Collateral in its possession, but shall not be required to take any steps necessary to preserve rights against prior parties. All costs and expenses incurred by Calavo to establish, perfect, maintain, determine the priority of, or release the security interest granted hereunder (including the cost of all filings, recordings, and taxes thereon and the fees and expenses of any agent retained by Calavo) shall become part of the Obligations secured hereby and be paid by CSL on demand. To the extent that any material portion of the Collateral is in the possession of any third party, CSL shall join with Calavo in notifying such third party of Calavo's security interest in such Collateral and shall use its commercially reasonable efforts to obtain an acknowledgement and agreement from such third party with respect to the Collateral, in form and substance satisfactory to Calavo.

12.22 Intellectual Property. CSL shall execute and deliver a separate security agreement ("Intellectual Property Security Agreement") with respect to CSL's intellectual property in which Calavo has been granted a security interest hereunder, including but not limited to the trademark registration for [***] substantially in a form acceptable to Calavo, which Intellectual Property Security Agreement, other than as stated therein, shall be subject to all of the terms and conditions hereof.

12.23 Insurance. CSL shall maintain such property and casualty insurance with such insurance companies, in such amounts, and covering such risks, as are at all times reasonably satisfactory to Calavo. All such policies shall provide for loss payable clauses or endorsements in form and consent acceptable to Calavo. Upon the request of Calavo, all policies (or such other proof of compliance with this Section as may be satisfactory to Calavo) shall be delivered to Calavo. CSL shall pay all insurance premiums when due. In the event of loss, damage, or injury to any insured Collateral, Calavo shall have full power to collect any and all insurance proceeds due under any of such policies, and may, at its option, apply such proceeds to the payment of any of the Obligation secured hereby, or may apply such proceeds to the repair or replacement of such Collateral.

12.24 Taxes, Levies, Etc. CSL has paid, and shall continue to pay, prior to delinquency all taxes, levies, assessments, or other charges that may become an enforceable lien against the Collateral.

12.25 Disposition and Use of Collateral by CSL. CSL shall not at any time sell, transfer, lease, abandon, or otherwise dispose of any Collateral in violation of any Loan Document. CSL shall not use any of the Collateral in any manner, which violates any statute, regulation, ordinance, rule, decree, order, or insurance policy. CSL shall not make any material change in the nature or manner of its business activities or not liquidate or dissolve except into a wholly-owned subsidiary of CSL.

12.26 Organization. CSL (i) is a duly organized limited liability company, validly existing and in good standing under the laws of Delaware; (ii) has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged in; and (iii) is duly qualified and in good standing under the laws of each other jurisdiction in which such qualification is required. CSL shall not amend its organizational documents in any manner that may conflict with any terms or condition of this Agreement.

12.27 Maintenance of Collateral. CSL shall at all times hereafter, at its own expense, keep in force each title, leasehold or other possessory interest in the Collateral. CSL shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order in all material respects and shall not operate or locate any material portion of the Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

12.28 Right of Inspection. At all reasonable times upon the reasonable prior written request of Calavo, CSL shall allow Calavo or its representatives to visit any of CSL's properties or locations so that Calavo or its representatives may confirm, inspect and appraise any of the Collateral. CSL will keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Collateral.

12.29 Litigation. To the best of CSL's knowledge, there is no pending or threatened action or proceeding against or affecting the Collateral before any court, governmental agency, or arbitrator which may, in any one case or in the aggregate, materially adversely affect the Collateral or the financial condition, operations, properties or business of CSL, or its ability to perform its obligations under any Loan Document that it may have now executed or may hereafter execute. CSL shall promptly notify Calavo upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by CSL that may materially affect the value of the Collateral, or the rights and remedies of Calavo hereunder.

12.30 Operation of Business and Collateral. To the best of CSL's knowledge, CSL is conducting its business and operations and holding and utilizing the Collateral in compliance with all applicable laws and directives of governmental authorities having the force of law, and CSL possesses all rights and authorizations, licenses, permits, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, to conduct its business and to hold and utilize the Collateral substantially as now conducted, held or utilized and as presently proposed to be conducted, held or utilized, and is not in violation of any such rights or authorizations or any valid rights of any other person or entity with respect to any of the foregoing.

12.31 Environmental Conditions. To the best of CSL's knowledge, there are no conditions presently or potentially posing a significant hazard to human health or the environment, whether or not in compliance with law, existing on or in any of the Collateral and, there has been no production, use, presence, treatment, storage, transportation, disposal, release or threatened release of any hazardous substance or hazardous waste (as hereinafter defined) at, on or in the Collateral. "Hazardous waste" and "hazardous substance" shall have the meanings set forth in the Comprehensive Environmental Response,

Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq. (“**CERCLA**”) and the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq., and the regulations adopted pursuant thereto, except that the term “hazardous substance,” as used herein, shall, in addition to its definition under CERCLA, also include petroleum, petroleum products and any substance classified as “hazardous” or “toxic” under any applicable state law or regulation.

12.32 Responsibility for Collateral. CSL assumes all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) Calavo (i) has no duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral, except as expressly provided herein, or to preserve any rights relating to the Collateral, or (ii) has no obligation to clean-up or otherwise prepare the Collateral for sale, and (b) CSL shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by CSL thereunder. Calavo shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by Calavo of any payment relating to any of the Collateral, nor shall Calavo be obligated in any manner to perform any of the obligations of CSL under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by Calavo in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which Calavo may be entitled at any time or times.

12.33 Other Security. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then Calavo shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Calavo’s rights and remedies hereunder.

SECTION 5. DEFAULT

The breach of any of the Obligations, including, without limitation, breach of any representation, warranty, covenant, or agreement contained in this Agreement or in any other Loan Document, other than a breach directly resulting from actions taken by CSL with the approval of CSL’s Executive Committee (as defined in the LLC Agreement) or Calavo, shall constitute a default hereunder (“**Event of Default**”).

SECTION 6. RIGHTS AND REMEDIES

Upon any default of the Obligations and at any time thereafter, Calavo may declare all Obligations to be immediately due and payable (or in the event of an Event of Default of the type described in Section 2(e)(iii), (iv), and (v) of the Note, such acceleration shall be automatic) and Calavo may exercise any and all rights and remedies of Calavo in the enforcement of this security interest under the UCC, this Security Agreement, or any other applicable law. Without limiting the foregoing, upon any such default and at any time thereafter:

A. Disposition of Collateral. Calavo may sell, lease, or otherwise dispose of all or any part of the Collateral, in its then present condition or following any commercially reasonable preparation or processing thereof, whether by public or private sale or at any brokers’ board, in lots or in bulk, for cash, on credit or otherwise, with or without representations or warranties, and upon such other terms as may be reasonably acceptable to Calavo, and Calavo may purchase at any public sale. At any time when advance notice of sale is required, CSL agrees that thirty (30) days’ prior written notice shall be reasonable. In connection with the foregoing, Calavo may:

- (a) Require CSL to assemble the Collateral and all records pertaining thereto and make such Collateral and records available to Calavo at a place to be designated by Calavo which is reasonably convenient to both Parties;
- (b) Enter the premises of CSL or premises under CSL's control or possession, and take possession of the Collateral;
- (c) Without charge, use or occupy the premises of CSL or premises under CSL's control, including without limitation, any warehouse and other storage facilities;
- (d) Without charge, use any patent, trademark, tradename, or other intellectual property or technical process used by CSL in connection with any of the Collateral;
- (e) Notify any account debtors and any obligors under instruments or accounts to make payments directly to Calavo and to enforce CSL's rights against such account debtors and obligors;
- (f) If exercising its foreclosure rights generally, transfer any or all intellectual property registered in the name of CSL at the United States Patent and Trademark Office and/or Copyright Office into the name of Calavo or any designee or any purchaser of such intellectual property.
- (g) Take any measures that Calavo may consider reasonably necessary for the care, growth, protection, preservation, harvesting and marketing of the Collateral; and
- (h) Rely conclusively upon the advice or instructions of any one or more brokers or other experts reasonably selected by Calavo to determine the method or manner of disposition of any of the Collateral and, in such event, any disposition of the Collateral by Calavo in accordance with such advice or instructions shall be deemed to be commercially reasonable.

To the extent permitted by applicable law, CSL waives all claims, damages and demands against Calavo arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of Calavo as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction. All of the rights and remedies of Calavo with respect to the Collateral, whether established hereby or by the Note or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

B. Proceeds. Calavo may collect and apply all proceeds of the Collateral, and may endorse the name of CSL in favor of Calavo on any and all checks, drafts, money orders, notes, acceptances, or other instruments of the same or a different nature, constituting, evidencing, or relating to the Collateral. Calavo may receive and open all mail addressed to CSL and remove therefrom any cash or non-cash items of payment constituting proceeds of the Collateral.

C. Insurance Adjustments. Calavo may adjust, settle, any and all insurance covering any Collateral, endorse the name of CSL on any and all checks or drafts drawn by the insurer, whether representing payment for a loss or a return of unearned premium, and execute any and all proofs of claim and other documents or instruments of every kind required by any insurer in connection with any payment by such insurer.

D. Application of Proceeds. Calavo may apply the net proceeds of any disposition of the Collateral, after deducting its reasonable expenses incurred in such disposition, to the payment in whole or in part of the Obligations in such order as Calavo may elect. The enumeration of the foregoing rights

and remedies is not intended to be exhaustive, and the exercise of any right and/or remedy shall not preclude the exercise of any other rights or remedies, all of which are cumulative and non-exclusive.

E. Security Interest Absolute. All rights of Calavo and all obligations of CSL hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Note or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Note or any other agreement entered into in connection with the foregoing; (c) any exchange, release or non-perfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for all or any of the Obligations; (d) any action by Calavo to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to CSL, or a discharge of all or any part of the security interest granted hereby. Until the Obligations shall have been paid and performed in full (other than contingent indemnification obligations), the rights of Calavo shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. CSL expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by Calavo hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than Calavo, then, in any such event, CSL's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. CSL waives all right to require Calavo to proceed against any other person or entity or to apply any Collateral which Calavo may hold at any time, or to marshal assets, or to pursue any other remedy. CSL waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

F. Recourse. CSL shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to satisfy the Obligations. CSL shall also be liable for all expenses of Calavo reasonably incurred in connection with collecting such deficiency, including, without limitation, the reasonable fees and disbursements of one firm of attorneys employed by CSL to collect such deficiency.

SECTION 7. OTHER PROVISIONS

A. Waiver and Amendment. This Security Agreement may not be amended, supplemented, modified or waived except in a writing executed by Calavo and CSL. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. No delay or omission of Calavo to exercise any right, whether before or after a default hereunder, shall impair any such right or shall be construed to be a waiver of any right or default, and the acceptance at any time by Calavo of any past-due amount shall not be deemed to be a waiver of the right to require prompt payment when due of any other amounts then or thereafter due and payable.

B. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed (by first class registered or certified mail, postage prepaid), sent by express overnight courier service or electronic facsimile or pdf transmission with a copy by mail, or delivered to the applicable party to such addresses as set forth in the LLC Agreement or, as to each of the foregoing, at such other address as shall be designated by such person in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other

communications shall, when mailed or sent, respectively, be effective (i) three days after being deposited in the mails or (ii) one business day after being deposited with the express overnight courier service or sent by electronic facsimile transmission (with receipt confirmed), respectively, addressed as aforesaid.

C. Jury Trial Waiver. Each party hereto agrees that all rights to a trial by a jury of any claim arising out of or relating to this Agreement are forever and absolutely waived.

D. Governing Law. This Agreement and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law provisions of the State of Delaware, or of any other state.

E. Severability. In the event any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement and without affecting the validity or enforceability of such provision or the other provisions of this Agreement in any other jurisdiction.

G. Termination; Release. When the Obligations have been indefeasibly paid and performed in full this Agreement shall terminate, and Calavo, at the request and sole expense of CSL, will execute and deliver to CSL the proper instruments (including UCC termination statements) acknowledging the termination of this Agreement, and will duly assign, transfer and deliver to CSL, without recourse, representation or warranty of any kind whatsoever, such of the Collateral as may be in the possession of Calavo and has not theretofore been disposed of, applied or released.

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

CALAVO GROWERS, INC.

By: /s/ Lecil E. Cole
Name: Lecil E. Cole
Title: Chief Executive Officer

CALAVO SALSA LISA, LLC

By: /s/ Lecil E. Cole
Name: Lecil E. Cole
Title: Chief Executive Officer

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

I, Lecil E. Cole, certify that:

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

Date: March 11, 2010

/s/ Lecil E. Cole

Lecil E. Cole

Chairman of the Board of Directors,
President and Chief Executive Officer

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

I, Arthur J. Bruno, certify that:

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

Date: March 11, 2010

/s/ Arthur J. Bruno

Arthur J. Bruno

Chief Operating Officer, Chief Financial Officer and
Corporate Secretary (Principal Financial Officer)

WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER

Each of the undersigned, the Chairman of the Board and Chief Executive Officer and Chief Operating Officer, Chief Financial Officer, and Corporate Secretary of Calavo Growers, Inc. (the Company), hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the Report), fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 11, 2010

/s/ Lecil E. Cole

Lecil E. Cole

Chairman of the Board and
Chief Executive Officer

/s/ Arthur J. Bruno

Arthur J. Bruno

Chief Operating Officer,
Chief Financial Officer and
Corporate Secretary