

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

FORM 8-K

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

Date of report (Date of earliest event reported): May 22, 2008

CALAVO GROWERS, INC.

(Exact Name of Registrant as Specified in Charter)

California

(State or Other
Jurisdiction of
Incorporation)

000-33385

(Commission File
Number)

33-0945304

(IRS Employer
Identification No.)

1141-A Cummings Road, Santa Paula, California 93060

(Address of Principal Executive Offices) (Zip Code)

(Former Name or Former Address, if Changed Since Last Report)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Calavo Growers, Inc. (“Calavo”) and Lecil E. Cole, Suzanne Cole-Savard, Guy Cole, Eric Weinert, and Lecil E. Cole and Mary Jeanette Cole, as trustees of the Lecil E. and Mary Jeanette Cole Revocable Trust dated October 19, 1993 (the “Cole Trust”), have entered into an Acquisition Agreement, dated May 19, 2008 (the “Acquisition Agreement”), which sets forth the terms and conditions pursuant to which Calavo will purchase all of the outstanding shares of Hawaiian Sweet, Inc. (“HS”) and all ownership interests of Hawaiian Pride, LLC (“HP”). HS and HP engage in tropical-product packing and processing operations in Hawaii. The Acquisition Agreement provides, among other things, that as a result of the Acquisition Agreement, Calavo shall make an initial purchase price payment in the aggregate amount of \$3,500,000 for both entities. Calavo made the initial payment on May 20, 2008. Calavo shall also make two additional annual payments, ranging from \$2,500,000 to \$4,500,000, based on certain operating results (the “Earn-Out Payment(s)”), as defined. Mr. Cole is President, Chief Executive Officer, and a Chairman of the Board of Directors of Calavo.

The first Earn-Out Payment to be made by Calavo will be adjusted if the aggregate working capital (“WC”) of HS and HP does not equal \$700,000 as of the closing date. In the event that WC is less than \$700,000, Calavo shall reduce its first Earn-Out payment by an amount equal to the difference between \$700,000 and the closing date aggregate working capital of HS and HP. In the event that WC is greater than \$700,000, Calavo shall increase its first Earn-Out payment by an amount equal to the difference between \$700,000 and the closing date aggregate working capital of HS and HP.

Pursuant to the Acquisition Agreement, the transaction will close on May 30, 2008. Closing is not subject to the satisfaction of any condition.

Concurrently with the execution of the Acquisition Agreement, Calavo and the Cole Trust have entered into an Agreement and Escrow Instructions for Purchase and Sale of Real Property (the “Real Estate Contract”), dated the same date as the acquisition agreement, pursuant to which Calavo will purchase from the Cole Trust approximately 727 acres of agricultural land located in Pahoia, Hawaii for a purchase price of \$1,500,000, which Calavo delivered on May 19, 2008. The closing of the Real Estate Contract will also occur on May 30, 2008.

For additional information, reference is made to the Acquisition Agreement, the Real Estate Contract, and the press release dated May 20, 2008, which are included as Exhibits 2.1, 2.2, and 99.1, and are incorporated herein by reference.

The preceding discussion is qualified by reference to the Acquisition Agreement and the Real Estate Contract, which are filed as exhibits to this Current Report on Form 8-K and is incorporated herein.

Item 2.01 Completion of Acquisition or Disposition of Assets.

See discussion in Item 1.01, which is incorporated herein.

Item 9.01. Financial Statements and Exhibits.

- 2.1 Acquisition Agreement dated as of May 19, 2008 between Calavo Growers, Inc. and Lecil E. Cole, Suzanne Cole-Savard, Guy Cole, Eric Weinert, and Lecil E. Cole and Mary Jeanette Cole, as trustees of the Lecil E. and Mary Jeanette Cole Revocable Trust dated October 19, 1993.
- 2.2 Agreement and Escrow Instructions for Purchase and Sale of Real Property (Farmland) dated May 19, 2008 between Calavo Growers, Inc. and Lecil E. and Mary Jeanette Cole.
- 99.1 Press release of Calavo Growers, Inc.

SIGNATURE

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 hereunto duly authorized.

May 22, 2008

Calavo Growers, Inc.

By: /s/ Lecil E. Cole

Lecil E. Cole

Chairman of the Board of Directors, Chief Executive Officer and President
(Principal Executive Officer)

ACQUISITION AGREEMENT

DATED AS OF MAY 19, 2008

AMONG

CALAVO GROWERS, INC.

AND

**LECIL E. COLE, SUZANNE COLE-SAVARD, GUY COLE, ERIC WEINERT, AND
LECIL E. COLE AND MARY JEANETTE COLE, AS TRUSTEES OF THE LECIL E.
AND MARY JEANETTE COLE REVOCABLE TRUST DATED OCTOBER 19, 1993**

ACQUISITION AGREEMENT

This Acquisition Agreement (the "**Acquisition Agreement**") is entered into as of May 19, 2008 among Calavo Growers, Inc., a California corporation ("**Calavo**"), and Lecil E. Cole ("**Mr. Cole**"), Eric Weinert, Suzanne Cole-Savard, Guy Cole, and Lecil E. Cole and Mary Jeanette Cole, acting jointly and severally as trustees of the Lecil E. and Mary Jeanette Cole Revocable Trust dated October 19, 1993, also known as the Lecil E. and Mary Jeanette Cole Revocable 1993 Trust (the "**Cole Trust**").

RECITALS

A. The Cole Trust, Suzanne Cole-Savard, and Guy Cole (referred to in this Acquisition Agreement as the "**HS Shareholders**") are the only shareholders of Hawaiian Sweet, Inc. (also known as Tropical Hawaiian Products), a corporation formed under the laws of the State of California ("**HS**"), and Mr. Cole is the Chief Executive Officer of HS. The HS Shareholders desire to sell to Calavo, and Calavo desires to purchase from the HS Shareholders, all of the outstanding shares of the capital stock of HS (referred to in this Acquisition Agreement as the "**HS Shares**") on the terms set forth in this Acquisition Agreement. The Cole Trust owns 68.0% of the HS Shares, and 16.0% of the HS Shares are owned by each of Suzanne Cole-Savard and Guy Cole.

B. Mr. Cole and Eric Weinert (referred to in this Acquisition Agreement as the "**HP Owners**") are the only members of CW Hawaii Pride, LLC (also known as Hawaii Pride, LLC), a limited liability company formed under the laws of the State of Hawaii ("**HP**"). The HP Owners desire to sell to Calavo, and Calavo desires to purchase from the HP Owners, all of the outstanding limited liability company membership and ownership interests of HP (referred to in this Acquisition Agreement as the "**HP LLC Interests**") on the terms set forth in this Acquisition Agreement. Mr. Cole owns 90.0% of the HP LLC Interests, and Mr. Weinert owns 10.0% of the HP LLC Interests.

C. Concurrently with the execution and delivery of this Acquisition Agreement, Calavo and the Cole Trust have entered into an Agreement and Escrow Instructions for Purchase and Sale of Real Property (Farmlands) (referred to in this Acquisition Agreement as the "**Real Estate Contract**"), dated the same date as this Acquisition Agreement, pursuant to which Calavo or its assignee will purchase from the Cole Trust approximately 727 acres of agricultural land located in Pahoia, Hawaii (the "**727 Acres**") for a purchase price of \$1,500,000. The closing of the transactions contemplated by this Acquisition Agreement will occur on the same date as the closing of Calavo's (or its assignee's) purchase of the 727 Acres under the Real Estate Contract.

D. As described in Section 4.10 of this Acquisition Agreement, (1) Calavo is entitled to make an election under Section 338(h)(10) (the "**Section 338(h)(10) Election**") of the Internal Revenue Code of 1986, as amended (the "**Code**"), with respect to Calavo's purchase of the HS Shares, and, (2) if Calavo decides to make the Section 338(h)(10) Election, the HS Shareholders shall also make the Section 338(h)(10) Election based upon Calavo's agreement to reimburse them for the additional taxes that may be paid by them as a result of the election.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which hereby is acknowledged, Calavo, the HS Shareholders, and the HP Owners hereby agree as follows:

ARTICLE 1

PURCHASE OF THE HS SHARES AND HP LLC INTERESTS; PURCHASE PRICE

1.1 Purchase and Sale of the HS Shares. Subject to the terms of this Acquisition Agreement, at the closing of the transactions contemplated by this Acquisition Agreement (the “**Closing**”), the HS Shareholders shall sell to Calavo, and Calavo shall purchase from the HS Shareholders, all of the HS Shares, which shall constitute all issued and outstanding shares of the capital stock of HS. The Closing shall occur on May 30, 2008, which is referred to in this Acquisition Agreement as the “**Closing Date**.”

1.2 Purchase and Sale of the HP LLC Interests. At the Closing, the HP Owners shall sell to Calavo, and Calavo shall purchase from the HP Owners, all of the HP LLC Interests, which shall constitute all issued and outstanding membership and ownership interests of HP.

1.3 The Closing. Article 5 of this Acquisition Agreement describes the documents that the parties shall deliver to each other at the Closing.

1.4 Purchase Price for the HS Shares and HP LLC Interests.

(a) The aggregate purchase price payable by Calavo for the HS Shares and the HP LLC Interests (the “**Purchase Price**”) is (1) \$3,500,000 plus (2) the earn-out payments calculated and paid in the manner described in Section 1.6 (the “**Earn-Out Payments**”). The Purchase Price shall be allocated to the HS Shareholders and the HP Owners as follows:

HS Shareholders	71.4%
HP Owners	28.6%

(b) The portion of the Purchase Price allocable to the HS Shareholders shall be paid by Calavo to each HP Shareholder in accordance with the shareholder’s ownership interest in HS, and the portion of the Purchase Price allocable to the HP Owners shall be paid by Calavo to each HP Owner in accordance with his ownership interest in HP, as shown below:

<u>Name of HS Shareholder or HP Owner</u>	<u>Percentage of Purchase Price Payable to the HS Shareholder or HP Owner</u>
The Cole Trust, an HS Shareholder	68.0% x 71.4% = 48.6%
Suzanne Cole-Savard, an HS Shareholder	16.0% x 71.4% = 11.4%
Guy Cole, an HS Shareholder	16.0% x 71.4% = 11.4%

Name of HS Shareholder or HP Owner	Percentage of Purchase Price Payable to the HS Shareholder or HP Owner
Lecil E. Cole, an HP Owner	90.0% x 28.6% = 25.7%

Eric Weinert, an HP Owner	10.0% x 28.6% = 2.90%
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(c) The purchase price payable by Calavo or its assignee to the Cole Trust for the 727 Acres is \$1,500,000 and shall be paid in accordance with the terms of the Real Estate Contract.

1.5 Initial Purchase Price Payment. Concurrently with the execution and delivery of this Agreement, Calavo shall make an initial Purchase Price payment to the HS Shareholders and the HP Owners in the aggregate amount of \$3,500,000, payable by immediately available funds to accounts designated by the HS Shareholders and the HP Owners or by cashier's checks, allocated as follows:

The Cole Trust, an HS Shareholder	\$1,701,000
Suzanne Cole-Savard, an HS Shareholder	399,000
Guy Cole, an HS Shareholder	399,000
Lecil E. Cole, an HP Owner	899,500
Eric Weinert, an HP Owner	101,500
Total Payment	\$3,500,000

1.6 Earn-Out Payments. Based upon the performance of HS and HP during each of the twelve-month periods ending May 31, 2009 and May 31, 2010, the HS Shareholders and the HP Owners shall be entitled to receive Earn-Out Payments from Calavo ranging from a minimum aggregate amount of \$5,000,000 to a maximum aggregate amount of \$9,000,000, calculated and paid as follows:

(a) **Calculation of the Earn-Out Payments.** Each year's Earn-Out Payment shall equal the combined EBITDA of HS and HP for the twelve-month period ending May 31, 2009 or May 31, 2010, as applicable, multiplied by 2.5, and payable within 30 days after EBITDA has been calculated and the calculation has been approved by Calavo's independent registered public accounting firm, Calavo's Board of Directors, and the Special Committee of Calavo's independent directors formed in connection with this Acquisition Agreement (the "**Special Committee**"). Calavo shall calculate the Earn-Out Payment for each year in accordance with the following principles.

- The Earn-Out Payment shall be calculated in accordance with United States generally accepted accounting principles ("**GAAP**"), except as otherwise described in this Section 1.6;
- Only revenues from Hawaiian-sourced fruit (excluding revenues from pineapples or attributable to contracts with Maui Pineapple Company, Ltd.) shall be included in EBITDA, and commissions earned by Calavo from sales shall be excluded from EBITDA;

- EBITDA shall exclude allocations by Calavo of corporate expenses to HS and HP and shall exclude other intercompany transactions between Calavo and HS or HP;
- Regardless of the results of operations of HS and HP but subject to the adjustment provisions of Section 1.6(g), the Earn-Out Payment for the twelve-month period ending May 31, 2009 shall not be less than \$2,500,000 or more than \$4,500,000;
- Regardless of the results of operations of HS and HP but subject to the adjustment provisions of Section 1.6(g), the Earn-Out Payment for the twelve-month period ending May 31, 2010 shall not be less than (1) \$5,000,000, reduced by (2) the Earn-Out Payment for the twelve-month period ending May 31, 2009 (without giving effect to any reduction or increase in such Earn-Out Payment that is attributable to the adjustment provisions described in Section 1.6(g) below); and
- Exhibit 1.6 attached to this Acquisition Agreement and incorporated herein contains an example of the calculation of the Earn-Out Payments.

(b) **Earn-Out Payment Payable to Each HS Shareholder and HP Owner.** The amount of each year's Earn-Out Payment owed to each HS Shareholder and HP Owner shall equal the aggregate Earn-Out Payment calculated for such year multiplied by the HS Shareholder's or HP Owner's respective ownership percentage that is set forth above in Section 1.4(b).

(c) **Operation of HS and HP After the Closing.** During each of the twelve-month periods ending May 31, 2009 and May 31, 2010, HS and HP shall be accounted for by Calavo as separate profit and accounting units in order to permit calculation of the Earn-Out Payments. However, Calavo shall have the right at any time to merge HS and/or HP into Calavo or into any subsidiary of Calavo so long as Calavo is able to continue accounting for HS and HP as separate profit and accounting units prior to May 31, 2010. The HS Shareholders and the HP Owners acknowledge and agree that, after the Closing, Calavo shall control the operations of HS and HP by reason of its ownership of the HS Shares and the HP LLC Interests and that Calavo shall have the right to appoint the board of directors and management of HS and HP. Any material changes to the operations of HS or HP after the Closing must be approved by the Special Committee.

(d) **Imputed Interest or Original Issue Discount on the Earn-Out Payments.** The HS Shareholders and HP Owners acknowledge and agree that, as required by the Code, interest or original issue discount on the Earn-Out Payments will be imputed based on the applicable federal rate specified by the Internal Revenue Service in accordance with the Code and the regulations thereunder, which will result in deductible interest for Calavo and ordinary income for the HS Shareholders and HP Owners.

(e) **Payments by Calavo.** Calavo is entitled to make Earn-Out Payments via company checks payable to the HS Shareholders and the HP Owners.

(f) **Limits on Payments.** Regardless of the performance of HS and HP, the aggregate Earn-Out Payments shall under no circumstances exceed \$9,000,000, and the HS Shareholders and HP Owners shall not be entitled to any Earn-Out Payments with respect to the performance of HS and HP after May 31, 2010.

(g) **Adjustments to Earn-Out Payments.** Notwithstanding any provision to the contrary in this Section 1.6:

(1) If the Closing Date aggregate working capital of HS and HP (as calculated by Calavo in accordance with GAAP) is less than \$700,000, then the aggregate Earn-Out Payments owed by Calavo to the HS Shareholders and the HP Owners under this Acquisition Agreement shall be reduced by an amount equal to the difference between \$700,000 and the Closing Date aggregate working capital of HS and HP and such amount shall be applied as a reduction to the Earn-Out Payment that is otherwise payable by Calavo for the twelve-month period ending May 31, 2009;

(2) If the Closing Date aggregate working capital of HS and HP (as calculated by Calavo in accordance with GAAP) is more than \$700,000, then the aggregate Earn-Out Payments owed by Calavo to the HS Shareholders and the HP Owners under this Acquisition Agreement shall be increased by an amount equal to the difference between \$700,000 and the Closing Date aggregate working capital of HS and HP and such amount shall be applied as an increase to the Earn-Out Payment that is otherwise payable by Calavo for the twelve-month period ending May 31, 2009;

(3) If and to the extent that, prior to May 31, 2009, Calavo does not collect all of the accounts receivable that are shown on the Closing Date balance sheets of HS and HP (as such balance sheets are prepared by Calavo in accordance with GAAP), then the aggregate Earn-Out Payments owed by Calavo to the HS Shareholders and the HP Owners under this Acquisition Agreement shall be reduced by an amount equal to such uncollected accounts receivable and such amount shall be applied as a reduction to the Earn-Out Payment that is otherwise payable by Calavo for the twelve-month period ending May 31, 2009; and

(4) If and to the extent that, prior to May 31, 2009, Calavo does not realize through product sales all inventory that is shown on the Closing Date balance sheets of HS and HP (as such balance sheets are prepared by Calavo in accordance with GAAP), then the aggregate Earn-Out Payments owed by Calavo to the HS Shareholders and the HP Owners under this Acquisition Agreement shall be reduced by an amount equal to the unrealized inventory and such amount shall be applied as a reduction to the Earn-Out Payment that is otherwise payable by Calavo for the twelve-month period ending May 31, 2009.

(5) Subject to a maximum aggregate reduction of \$200,000, Calavo is entitled to reduce the Earn-Out Payments that are otherwise owed to the HP Owners by all expenses that Calavo and/or HP incur after May 19, 2008 but prior to May 31, 2010 in connection with taking all corrective action that Calavo determines in its sole discretion is required or appropriate to ensure that all of HP's real and personal property is in good operating condition and is free of defects or any other adverse conditions, and that such property is in full compliance with all applicable statutes, rules, and regulations, regardless as to whether third

parties are responsible for any such defects or adverse conditions. To avoid double counting, the expenses described in the preceding sentence that are incurred by Calavo and/or HP shall not be included in the determination of EBITDA for purposes of calculating the amount of the Earn-Out Payments. The provisions of this Section 1.6(g)(5) are not intended in any manner to reduce the indemnification liability of the HS Shareholders and the HP Owners for a breach of any of their representations and warranties contained in Article 2 of this Acquisition Agreement, and the provisions of this Section 1.6(g)(5) are in addition to Calavo's indemnification remedies under Article 7 of this Acquisition Agreement. The HS Shareholders are not entitled to receive the Earn-Out Payments that Calavo withholds from the HP Owners pursuant to this Section 1.6(g)(5).

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF
THE HS SHAREHOLDERS AND THE HP OWNERS

Except as otherwise specifically described in the disclosure schedule (the "**Disclosure Schedule**") delivered to Calavo by the HS Shareholders and the HP Owners concurrently with, or prior to, the execution and delivery of this Acquisition Agreement, Mr. Cole and all other HP Owners and HS Shareholders jointly and severally represent and warrant to Calavo that the following representations and warranties (in addition to any representations and warranties made by any of them elsewhere in this Acquisition Agreement) are accurate and complete as of the date of this Acquisition Agreement and that such representations and warranties will be accurate and complete as of the Closing Date as though remade on the Closing Date with references to the Closing Date substituted for references to the date of this Acquisition Agreement:

2.1 Organization and Good Standing of HS and HP. HS is a corporation duly incorporated and organized, validly existing, and in good standing under the laws of the State of California. HP is a limited liability company duly formed and organized, validly existing, and in good standing under the laws of the State of Hawaii. Each of HS and HP 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. The HS Shareholders and the HP Owners have delivered to Calavo an accurate and complete copy, as amended to date, of the Articles of Incorporation and Bylaws of HS and of the Articles of Organization and Operating Agreement of HP.

2.2 Capitalization of HS.

(a) The following table lists the shareholders of HS and the number of HS Shares owned by each HS Shareholder. The shares listed in the following table constitute all of the issued and outstanding capital stock of HS and, except with respect to the rights granted to Calavo pursuant to this Acquisition Agreement, 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 HS.

Name of HS Shareholder	Number of HS Shares Owned by Each HS Shareholder
The Cole Trust	3,883.48 Shares
Suzanne Cole-Savard	913.76 Shares
Guy Cole	913.76 Shares

(b) The HS 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 HS. 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 HS Shareholder owns his shares of the outstanding capital stock of HS free and clear of all liens, security agreements, shareholders' agreements, voting trust agreements, and other claims and encumbrances.

(c) At the Closing, upon the delivery to Calavo of the HS Shares by the HS Shareholders, Calavo will own all of the issued and outstanding capital stock of HS free and clear of all liens, security agreements, shareholders' agreements, voting trust agreements, and other claims and encumbrances.

2.3 Capitalization of HP.

(a) Mr. Cole owns 90.0% of the issued and outstanding HP LLC Interests, and Eric Weinert owns 10.0% of the issued and outstanding HP LLC Interests. Except with respect to the rights granted to Calavo pursuant to this Acquisition Agreement, there are no outstanding options, warrants, contracts, subscriptions, commitments, or other rights of any character which may entitle any person to acquire any membership interest, economic interest, voting interest, or other right or interest in HP.

(b) The HP Owners have good, lawful, and marketable title to, and record and beneficial ownership of, all of the issued and outstanding membership interests, economic interests, voting interests, and other rights and interests in HP. All such outstanding interests 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 HP Owner owns his HP LLC Interests free and clear of all liens, security agreements, owners' agreements, voting trust agreements, and other claims and encumbrances.

(c) At the Closing, upon the delivery to Calavo of the HP LLC Interests by the HP Owners, Calavo will own all of the issued and outstanding membership interests, economic interests, voting interests, and other rights and interests in HP free and clear of all liens, security agreements, owners' agreements, voting trust agreements, and other claims and encumbrances.

2.4 Corporate Powers. Each of HS and HP 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.

2.5 Authority of the HS Shareholders and HP Owners. Each HP Shareholder and each HS Owner has the full right, power, and authority to execute and deliver this Acquisition Agreement and to consummate the transactions contemplated hereby. All acts and other proceedings required to be taken by each HP Shareholder and each HS Owner in order to enable such person to carry out this Acquisition Agreement and the transactions contemplated hereby have been taken. Mr. Cole and his spouse, Mary Jeanette Cole, have the full right, power, and authority to execute and deliver this Acquisition Agreement as trustees of the Cole Trust and to consummate the transactions contemplated hereby as trustees of the Cole Trust, and all acts and other proceedings required to be taken by Mr. and Mrs. Cole in order to enable them to carry out this Acquisition Agreement and the transactions contemplated hereby as trustees of the Cole Trust have been taken.

2.6 Binding Effect. This Acquisition Agreement has been duly executed and delivered by the HS Shareholders and the HP Owners 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.

2.7 No Breach. Neither the execution and delivery of this Acquisition Agreement nor the consummation of any transaction contemplated hereby will, with or without notice or the passage of time, (1) violate any statute, rule, regulation, law, or judicial or administrative order, judgment or decree applicable to HS, HP, any HS Shareholder, or any HP Owner, (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 HS, HP, any HS Shareholder, or any HP Owner is a party or is otherwise subject, (3) result in the creation of any lien or other encumbrance upon any of HS's or HP's assets, or (4) have a material adverse effect on the business or results of operations of HS or HP.

2.8 Consents. Neither the execution and delivery of this Acquisition Agreement nor the consummation of any transaction contemplated hereby requires HS, HP, any HS Shareholder, or any HP Owner to obtain any consent, permit, or approval, or to make any filing or registration, under any statute, rule, regulation, law, or judicial or administrative order, judgment or decree applicable to HS, HP, any HS Shareholder, or any HP Owner 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 HS, HP, any HS Shareholder, or any HP Owner is a party or is otherwise subject.

2.9 Subsidiaries and Other Equity Investments. HS and HP do 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 neither HS nor HP has any agreement or commitment to acquire any such equity interest.

2.10 Interests of Owners of HS and HP. Except with respect to Mr. Cole's business operations on the 727 Acres, no HS Shareholder or HP Owner (1) has any direct or indirect ownership interest in any supplier, customer, lessor, sublessor, or other person or entity which does business with HS or HP or (2) has any direct or indirect ownership interest in any assets or properties of HS or HP (other than solely by reason of such person's ownership of HS Shares or HP LLC Interests). The business of HS and HP has been conducted only through HS and HP.

2.11 Financial Statements. The HS Shareholders and the HP Owners have provided Calavo with an accurate and complete copy of (1) the balance sheet of HS as of December 31, 2007 and the related statements of income for each of the years in the two-year period ended December 31, 2007 (the "**HS Financial Statements**"), and (2) the balance sheet of HP as of December 31, 2007 and the related statements of income for each of the years in the two-year period ended December 31, 2007 (the "**HP Financial Statements**"). The HS Financial Statements and the HP Financial Statements fairly present the financial position of HS and HP as of the respective dates of the balance sheets included in those financial statements and the results of HS's and HP's operations for the specified periods indicated therein. The aggregate working capital of HS and HP as of the Closing Date will not be less than \$700,000.

2.12 Undisclosed Liabilities. As of the respective dates of the balance sheets that are contained in the HS Financial Statements and the HP Financial Statements, neither HS nor HP had any liability of any nature (whether fixed, accrued, contingent, or otherwise) that was not fully reflected and reserved against in the HS Financial Statements or HP Financial Statements, respectively.

2.13 Absence of Certain Changes. Since December 31, 2007:

- (a) Neither HS nor HP has 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 HS or HP;
- (c) There has been no material adverse change in the business prospects of HS or HP;
- (d) Neither HS nor HP has entered into (or agreed to enter into) any leases, loan agreements, or other agreements, except in the ordinary course of business;
- (e) Neither HS nor HP has 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;
- (f) Neither HS nor HP has paid any dividends, or made any other distributions, to the HS Shareholders or the HP Owners, as applicable;

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

(h) The business of HS and HP in all other respects has been conducted only in its ordinary course.

2.14 Internal Control Over Financial Reporting. Each of HS and HP has established and maintains internal control over financial reporting that (1) provides reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with GAAP, (2) maintains records in reasonable detail accurately and reflecting its transactions and dispositions of assets, (3) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with the authorization of management, and (4) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on financial statements. The internal control over financial reporting maintained by HS does not contain any significant deficiencies or material weaknesses, and the internal control over financial reporting maintained by HP does not contain any significant deficiencies or material weaknesses. Neither HS nor HP has used any improper accounting practices to incorrectly reflect or not reflect any of its assets, liabilities, revenues, or expenses.

2.15 Receivables. The receivables of HS and HP are reflected properly on their books and records and are valid receivables subject to no setoffs or counterclaims, and all such receivables that exist as of the Closing Date will be reflected properly on each such entity's books and records and will constitute valid receivables subject to no setoffs or counterclaims. All such receivables described in the preceding sentence have been or will be collected in the ordinary course of business at their recorded amounts.

2.16 Real Property.

(a) Except with respect to approximately 20 acres of land owned by HP located at 16-664 Milo Street, Keaau, Puna, Island and County of Hawaii, State of Hawaii, and identified as Third Division Tax Map Key 1-6-03, Parcel 19 (the "**HP Real Estate**"), neither HS nor HP owns, directly or indirectly, any real property, and neither HS nor HP occupies any real property other than as the lessee or sublessee thereof. The HP Real Estate is in compliance with all any applicable statutes, rules, and regulations (including, without limitation, zoning, land use and environmental statutes, rules, and regulations), and HP has not violated any such statutes, rules, or regulations in connection with its use of the HP Real Estate.

(b) HP has good and marketable title to the HP Real Estate free and clear of any and all security interests, deeds of trust, mortgages, covenants, conditions, restrictions, easements, charges, claims, assessments, and other liens and encumbrances, except for: (1) current taxes (including assessments collected with taxes) not yet due and payable; (2) encumbrances, if any, that are not substantial in character, amount, or extent and do not materially detract from the value, or interfere with present use, or the ability of the owner of the

HP Real Estate to dispose of such real property; (3) a purchase money mortgage dated May 12, 2006, in the original principal amount of \$1,304,550.73, in favor of Mr. Cole (the "**Cole Mortgage**"); and (4) a financing statement recorded on May 17, 2006 in favor of Mr. Cole (the "**Cole Financing Statement**").

(c) The Disclosure Schedule describes each lease and sublease of real property to which HS or HP is a party. An accurate and complete copy of each such lease or sublease has been delivered to Calavo by the HS Shareholders or the HP Owners. 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 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) neither HS nor HP has assigned to any other person any of its right, title, and interest in and to the lease or sublease; (4) neither HS nor HP has violated any applicable statutes, rules, or regulations (including, without limitation, zoning, land use, and environmental statutes, rules, and regulations) in connection with its use of the property covered by the lease or sublease; and (5) neither HS nor HP is a party to any disputes regarding the lease or sublease.

2.17 Leases of Personal Property.

(a) Neither HS nor HP leases or subleases any personal property to any other person.

(b) The Disclosure Schedule describes each lease or sublease by which HS or HP 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 HS or HP 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) neither HS nor HP has assigned to any other person any of its right, title, and interest in and to the lease or sublease; (4) neither HS nor HP has violated any applicable statutes, rules, or regulations (including, without limitation, zoning, land use, and environmental statutes, rules, and regulations) in connection with its use of the property covered by the lease or sublease; and (5) neither HS nor HP is a party to any disputes regarding the lease or sublease.

2.18 Ownership and Use of Assets. Each of HS and HP is the lawful owner, lessee, or sublessee of each of the assets that is used in its business. Each of HS and HP owns, leases, or subleases such assets free and clear of all liens, security interests, or other claims or encumbrances, except as otherwise described in this Agreement. 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.

2.19 Bank Accounts. The Disclosure Schedule identifies all checking accounts, deposit accounts, securities accounts, safety deposit boxes, and other accounts and safekeeping arrangements constituting assets of HS and HP, together with the authorized signatories on each such account or arrangement.

2.20 Insurance. The Disclosure Schedule describes all insurance policies that are currently maintained by each of HS and HP, listing the insurer, the type and period of coverage, the scope and amount of coverage, and deductible amounts. Each insurance policy is in full force and effect, and neither HS nor HP is in default of its obligations under the policy.

2.21 Guarantees. Neither HS nor HP has guaranteed the liabilities or obligations of any other person.

2.22 Loan Agreements. The Disclosure Schedule every loan or credit agreement, promissory note, letter of credit, or other borrowing arrangement under which HS or HP currently has borrowed any money, or is entitled to borrow, and lists the outstanding principal and accrued interest thereunder. Neither HS nor HP has made any outstanding loan to any person who is an officer or director of Calavo.

2.23 Supplier and Customer Relationships.

(a) The Disclosure Schedule lists (1) the top ten suppliers of agricultural products to HS and HP for the year ended December 31, 2007 and (2) the top ten customers of HS and HP for the year ended December 31, 2007. No such supplier or customer within the past twelve months has terminated its business relationship with HS or HP, and no such supplier or customer has threatened to terminate its business relationship with HS or HP.

(b) The HS Shareholders and the HP Owners have not received written or oral notice that any supplier or customer of HS or HP intends to terminate its business relationship with HS or HP prior to or after the Closing Date.

2.24 Other Agreements. In addition to agreements that are described in the Disclosure Schedule pursuant to any other section of this Article 2, the Disclosure Schedule describes each of the following agreements (written or oral) to which HS or HP is a party or is otherwise bound: (1) each agreement involving total payments by HS or HP over its term of more than \$50,000; (2) each agreement under which the consequences of a default would have a material adverse effect on HS or HP; (3) each agreement with a term of over one year unless the agreement is terminable without penalty by HS or HP on no more than thirty days' notice; and (4) each agreement not entered into by HS or HP in the ordinary course of business.

2.25 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 HS or HP is a party or is otherwise subject: (1) neither HS nor HP is in default or breach of its obligations thereunder; and (2) no claim of default or breach has been made against HS or HP 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 HS or HP.

2.26 Litigation. There is no litigation, arbitration, investigation, tax audit, or other claim or proceeding pending or, to the knowledge of the HS Shareholders and the HP Owners, threatened against HS or HP. Neither HS nor HP is in default under any judgment, order, writ, injunction, or decree of any Governmental Authority to which it is bound or otherwise subject. The HS Shareholders and the HP Owners are not aware of any audit, investigation, review, or other inquiry (or proposed audit, investigation, review, or inquiry) by any Governmental

Authority regarding any assets or business of HS or HP, and the HS Shareholders and the HP Owners are not aware of the existence of any dispute or potential dispute with any Governmental Authority regarding any aspect of the assets or business of HS or HP. As used in this Acquisition Agreement, the term “**Governmental Authority**” means any federal, state, local, or foreign governmental department, agency, court, or official and any arbitral body the decrees of which have the force of law.

2.27 Compliance with Laws. Each of HS and HP is in compliance with all applicable statutes, rules, regulations, and other laws pertaining to its assets or the operation of its business. No claim has been made to HS or HP by any Governmental Authority (and no such claim is anticipated) to the effect that the business conducted by HS or HP fails to comply with any statute, rule, regulation, or other 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.

2.28 Environmental Matters. Each of HS and HP 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 full compliance with all applicable statutes, rules, regulations, laws, permits, orders, and decrees pertaining to the protection of the environment, the treatment, emission, and discharge of pollutants and the use, handling, generation, storage, treatment, removal, transport, spillage, clean up, decontamination, discharge, or disposal (whether accidental or intentional) of any hazardous, toxic, or radioactive substances, materials, emissions, or wastes (collectively, “**Environmental Laws**”). Neither HS nor HP has received any written notice of claims or actions pending or threatened against it by any Governmental Authority 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.

2.29 Proprietary Information. The Disclosure Schedule describes all copyrights, service marks, trademarks, trade names, logos, patents, licenses, and royalty rights, and registrations and applications for the foregoing items, under which the business of HS and HP is operated or in which either HS or HP possesses an interest (collectively, the “**Proprietary Rights**”). Except as described in the Disclosure Schedule: (1) there are no assignments, licenses, or sublicenses with respect to any of the Proprietary Rights; (2) there are no pending or, to the knowledge of the HS Shareholders and the HP Owners, threatened claims by any person with respect to the use by HS or HP of the Proprietary Rights; (3) no Shareholder or employee of HS or HP has an ownership interest in any of the Proprietary Rights; (4) to the knowledge of the HS Shareholders and the HP Owners, the Proprietary Rights do not infringe on the rights of any other person; and (5) HS and HP own or possess adequate rights to use all intellectual property used by them in connection with their respective businesses.

2.30 Tax Matters.

(a) HS and HP have filed, on a timely basis, all tax returns and estimates for all years and periods for which such tax returns and estimates were due, 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 of HS or HP in the relevant taxation period covered by the tax return. HS and HP have paid in full all

taxes that are (or were) due and payable by them, and HS and HP have properly accrued all taxes payable by them and reflected such accrued taxes on their balance sheets. Neither HS nor HP has ever received written notice from any Governmental Authority in a jurisdiction where it does not currently file tax returns to the effect that it is or may be subject to taxation by that jurisdiction.

(b) Each of HS and HP has withheld amounts from its employees in compliance with the tax withholding provisions of applicable law. Each of HS and HP 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 each of HS and HP 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 HS Shareholder and each HP Owner has filed, on a timely basis, all tax returns and estimates for all years and periods for which such tax returns and estimates were due with respect to income or other distributions received by such person from HS or HP, 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 of such HS Shareholder or HP Owner with respect to the operations of HS or HP, as applicable, in the relevant taxation period covered by the tax return. Each HS Shareholder and each HP Owner has paid in full all taxes that are (or were) due and payable by such person with respect to the operations of HS or HP, as applicable. No HS Shareholder or HP Owner has ever received written notice from any Governmental Authority in a jurisdiction where such person does not currently file tax returns to the effect that such person is or may be subject to taxation by that jurisdiction arising out of the operations of HS or HP.

(d) In this Acquisition Agreement, (1) “**tax**” means any federal, state, local, or foreign income, gross receipts, license, payroll, unemployment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including, without limitation, taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), employment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative, add-on minimum, or estimated tax or other tax, assessment or charge of any kind whatsoever, including, without limitation, any interest, fine, penalty, or addition thereto, whether or not disputed, and (2) “**tax return**” means any return, declaration, report, estimate, form, claim for refund, or information or statement relating to taxes and any exhibit, schedule, attachment, or amendment thereto.

(e) HS has been a validly electing S corporation within the meaning of Code Sections 1361 and 1362 at all times during its existence, and HS will be an S corporation up to and including the Closing Date. HS will not be liable for any tax under Code Section 1374 in connection with the deemed sale of HS’s assets caused by the Section 338(h)(10) Election. During the past ten years, HS has not (1) acquired assets from another corporation in a transaction in which HS’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.

(f) At all times during its existence, HP has operated as a limited liability company and has qualified for taxation as a partnership under the Code and state, local, and foreign tax laws, rules, and regulations.

2.31 Employees.

(a) Except as described in the Disclosure Schedule, none of the employees of HS or HP is represented by a labor union or is covered by a collective bargaining, union, or similar agreement. There are no material controversies, grievances, or complaints pending or threatened between HS or HP and any of its employees or current or threatened work stoppages, strikes, or other labor actions.

(b) Each of HS and HP is in compliance with all applicable statutes, rules, regulations, laws, and judicial and administrative orders, judgments, and decrees respecting employment and employment practices and the terms and conditions of employment and wages and hours. No current or former employee of HP or HS has ever been exposed to radiation at hazardous levels, or to any other dangerous condition, hazardous substance, or hazardous emission, at either the HP Real Estate or at any other real property owned or leased by HP or HS.

(c) The Disclosure Schedule lists each director, officer, and employee for each of HS and HP. Except as described in the Disclosure Schedule:

(1) neither HS nor HP has entered into any employment or severance agreement with any of its directors, officers, or employees; (2) neither HS nor HP has entered into any agreement with any officer or employee prohibiting or restricting the termination of his or her employment provided that at least thirty days' notice of termination is given; (3) neither HS nor HP is 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 HS or HP 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 HS or HP is entitled to receive a bonus or other compensation payment based upon the completion of the transactions contemplated by this Acquisition Agreement.

(d) With respect to each pension plan, retirement plan, profit sharing plan, deferred compensation plan, or other employee benefit plan maintained by HS or HP, all contributions or other payments required by such plan or by applicable statutes, rules, regulations, and laws to have been made have in fact been made, and no funding deficiency exists with respect to any such plan. Each such plan has been maintained, operated, and administered in accordance with all applicable statutes, rules, regulations, and laws.

2.32 Finders and Brokers. No person has acted as a finder, broker, or other intermediary on behalf of HS, HP, or any HS Shareholder or HP Owner in connection with this Acquisition 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 Acquisition Agreement or such transactions as a result of actions taken by HS, HP, or any HS Shareholder or HP Owner.

2.33 Accuracy and Completeness. No representation or warranty of any HS Shareholder or any HP Owner contained in this Acquisition Agreement, in the Disclosure

Schedule, or in any other schedule, exhibit, agreement, or document delivered pursuant to this Acquisition Agreement contains, or will contain, any untrue statement of a material fact or omits, or will 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. The HS Shareholders and the HP Owners have delivered to 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.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF CALAVO

Calavo represents and warrants to the HS Shareholders and the HP Owners that the following representations and warranties (in addition to any representations and warranties made by Calavo elsewhere in this Acquisition Agreement) are accurate and complete as of the date of this Acquisition Agreement, and that such representations and warranties will be accurate and complete as of the Closing Date as though remade on the Closing Date with references to the Closing Date substituted for references to the date of this Acquisition Agreement throughout this Article 3:

3.1 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.

3.2 Corporate Powers. Calavo has and holds the corporate 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.

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

3.4 Binding Effect. This Acquisition Agreement has been duly executed and delivered by Calavo and (together with any agreements and instruments to be executed and delivered by Calavo at the Closing) constitutes its legal, valid, and binding obligation, enforceable in accordance with its terms.

3.5 No Breach. Neither the execution and delivery of this Acquisition Agreement nor the consummation of any transaction contemplated hereby will, with or without notice or the passage of time, (1) violate any United States statute, rule, regulation, law, or judicial or administrative order, judgment, or decree applicable to Calavo, (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 currently is subject, or (3) result in the creation of any lien or other encumbrance upon any of Calavo's assets.

3.6 Consents. Neither the execution and delivery of this Acquisition Agreement nor the consummation of any transaction contemplated hereby requires Calavo to obtain any consent,

permit, or approval, or to make any filing or registration, under any United States statute, rule, regulation, law, or judicial or administrative order, judgment, or decree applicable to Calavo 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 currently is a party or is otherwise subject.

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

3.8 Litigation. Except for a proceeding brought by Mexican tax authorities (Hacienda) that is described in Calavo's Annual Report on Form 10-K for the year ended October 31, 2007 filed with the Securities and Exchange Commission on January 14, 2008, there is no litigation, arbitration, investigation, tax audit, or other claim or proceeding pending or, to the knowledge of Calavo, threatened against Calavo that could have a material adverse effect on Calavo's results of operations or financial condition. Calavo is not in default under any judgment, order, writ, injunction, or decree of any Governmental Authority to which it is bound or otherwise subject. Calavo is not aware of any audit, investigation, review, or other inquiry (or proposed audit, investigation, review, or inquiry) by any Governmental Authority regarding any assets or business of Calavo, and Calavo is not aware of the existence of any dispute or potential dispute with any Governmental Authority regarding any aspect of the assets or business of Calavo.

3.11 Accuracy and Completeness. No representation or warranty of Calavo contained in this Acquisition Agreement or in any schedule, exhibit, agreement, or document delivered pursuant to this Acquisition Agreement contains, or will contain, any untrue statement of a material fact or omits, or will 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.

ARTICLE 4

MISCELLANEOUS AGREEMENTS OF THE PARTIES

In addition to their agreements contained in other sections of this Acquisition Agreement, Calavo, the HS Shareholders, and the HP Owners agree as follows:

4.1 Access and Confidentiality.

(a) Prior to the Closing, Calavo and its authorized representatives shall have full access to the premises and the books, records, agreements, and other documents of HS and HP during all reasonable hours, and Calavo shall be furnished with copies of all such books, records, agreements, and other documents as may be reasonably requested by it. Prior to the Closing, Calavo shall maintain the confidentiality of all confidential information about HS or HP that it acquires in connection with its investigation, except to the extent that disclosure thereof is required by a court of competent jurisdiction.

(b) Calavo's investigation of HS and HP and their business, assets, and liabilities shall in no manner be construed as relieving any HS Shareholder or HP Owner from liability under this Acquisition Agreement for a breach of any representation or warranty made in this Acquisition Agreement.

4.2 Conduct of HS and HP Prior to the Closing. Prior to the Closing, the HS Shareholders and the HP Owners shall cause HS and HP to conduct their business only in the ordinary and regular course (that is, reasonably consistent with past custom and practice), except as otherwise approved in writing by Calavo. Without limiting the generality of the preceding sentence, except as otherwise approved in writing by Calavo, neither HS nor HP shall:

(a) Amend its charter documents;

(b) Issue or purchase any shares of its capital stock or limited liability company membership interests or grant any options, warrants, subscriptions, commitments, or other rights of any character to acquire any of its capital stock or limited liability company membership interests;

(c) Declare or pay any dividend, or make any other distribution or payment, with respect to its capital stock or limited liability company membership interests;

(d) Amend or terminate any of its supply or customer contracts or other agreements, except in the ordinary course of business;

(e) Make any capital expenditure or guarantee or incur any indebtedness or other liabilities, except in the ordinary course of business;

(f) Enter into any supply or customer contract or other agreement, except in the ordinary course of business;

(g) Sell, lease, license, transfer, pledge, or assign any of its assets, except in the ordinary course of business;

(h) Alter the manner of keeping its books, accounts, or records; or

(i) Agree to take any of the actions described above in this Section 4.2 or otherwise take any action (or agree to take any action) that would cause a breach of any of the HS Shareholders' and the HP Owners' representations and warranties contained in this Acquisition Agreement.

4.3 Preservation of the Business. Prior to the Closing, the HS Shareholders and the HP Owners shall cause HS and HP to use their best efforts to preserve their business, agreements, and relationships with suppliers and customers.

4.4 Transfer of HS Shares or HP LLC Interests. Prior to the Closing, (1) no HS Shareholder shall sell, assign, encumber, or otherwise transfer any of such shareholder's HS Shares or agree to take any of such actions, and (2) no HP Owner shall sell, assign, encumber, or otherwise transfer any of such person's HP LLC Interests or agree to take any of such actions.

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

(a) The HS Shareholders and the HP Owners, with the cooperation of Calavo, shall use their commercially reasonable efforts to obtain all consents, permits, and approvals from lessors, lenders, Governmental Authorities, and other third parties that Calavo determines are required in order to prevent Calavo's acquisition of the HS Shares and the HP LLC Interests from (1) violating any statute, rule, regulation, law, or judicial or administrative order, judgment, or decree applicable to Calavo, HS, or HP 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 HS or HP is a party or is otherwise subject.

(b) Calavo and the HS Shareholders and the HP Owners shall cooperate in complying fully and on a timely basis with any and all filings with Governmental Authorities that are required as a result of this Acquisition Agreement and the consummation of the transactions contemplated by this Acquisition Agreement.

(c) Calavo, on the one hand, and the HS Shareholders and the HP Owners, on the other hand, shall cooperate with each other in the performance of all obligations under this Acquisition Agreement and shall use its (or their) reasonable efforts to satisfy or cause to be satisfied, at or prior to the Closing, the conditions to the Closing obligations of the other party or parties under this Acquisition Agreement.

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

(e) If requested by Calavo, the HS Shareholders and the HP Owners shall obtain, prior to the Closing, an estoppel letter in form and substance reasonably satisfactory to Calavo from each lessor of real property that is leased or subleased by HS or HP and from each holder of secured debt on the HP Real Estate. Among other things, each estoppel letter shall state that neither HS nor HP is in default under the lease, sublease, or agreement regarding the secured debt and that no default shall occur thereunder as a result of the consummation of the transactions contemplated by this Acquisition Agreement.

4.6 Publicity. Prior to the Closing, except as otherwise required by law, no party to this Acquisition Agreement shall publicly disseminate any statement concerning this Acquisition Agreement without the prior written consent of Calavo (if the statement is to be made by the HS Shareholders or the HP Owners) or the HS Shareholders and the HP Owners (if the statement is to be made by Calavo). However, the parties agree that Calavo is entitled to make public announcements of the execution of this Acquisition Agreement and of the Closing through press releases and the filing with the Securities and Exchange Commission of Current Reports on Form 8-K and Quarterly Reports on Form 10-Q. Calavo shall provide the HS Shareholders and the HP Owners with an opportunity to review and comment upon such documents.

4.7 Contribution of Loans. Prior to the Closing, Mr. Cole shall make a capital contribution to HP consisting of the loan made by Mr. Cole to HP that is secured by the Cole Mortgage and, prior to the Closing, any and all other loans that have been made by Mr. Cole or other HS Shareholders or HP Owners to HS or HP shall also be contributed to HS or HP, as applicable. HS and HP shall have no further liability under any such loans after the Closing Date. HS and HP shall provide Calavo with written evidence of (1) the contribution of such loans and (2) the cancellation and re-conveyance to HP of the Cole Mortgage and the termination of the Cole Financing Statement.

4.8 Employees. The HS Shareholders and HP Owners acknowledge and agree that Calavo is not making any representation or agreement regarding whether, or the terms on which, any current officers and employees of HS and HP will continue as officers and employees after the Closing Date.

4.9 No Solicitation of Other Transactions. Prior to the Closing, neither Mr. Cole nor any other HS Shareholder or HP Owner shall directly or indirectly solicit or initiate negotiations, or engage in negotiations or enter into a sale agreement, with any person other than Calavo regarding the acquisition of HS, HP, or the 727 Acres or any portion of HS, HP, or the 727 Acres or regarding the acquisition of any of the HS Shares or HP LLC Interests.

4.10 Tax Matters.

(a) **Section 338(h)(10) Election for HS.** Prior to December 31, 2008, Calavo shall determine whether or not the Section 338(h)(10) Election shall be made with respect to Calavo's purchase of the HS Shares, and Calavo shall notify the HS Shareholders of its determination. At the Closing, Calavo and each HS Shareholder shall complete, execute, and deliver to each other an Internal Revenue Service Form 8023, Elections Under Section 338 for Corporations Making Qualified Stock Purchases (the "**Form 8023**"), evidencing the Section 338(h)(10) Election. Each HS Shareholder shall also complete, execute, and deliver to Calavo any comparable election forms under state, local, and foreign tax law, either at the Closing or within ten days after a request for the executed form is made by Calavo after the Closing Date. If Calavo determines to make the Section 338(h)(10) Election, Calavo shall file the Form 8023 with the Internal Revenue Service as promptly as practicable after Calavo has determined to make the Section 338(h)(10) Election and Calavo shall file such state, local, and foreign tax election forms as promptly as practicable. If Calavo makes the Section 338(h)(10) Election, the HS Shareholders shall include any and all income, gain, loss, deduction, or other tax items resulting from the Section 338(h)(10) Election (and comparable elections under state, local, and foreign tax law) on their tax returns to the extent required by applicable law. Prior to the Closing, the HS Shareholders shall not take any action that would revoke HS's election to be taxed as an S corporation or that would result in the termination of HS's status as a validly existing S corporation.

(b) **Reimbursement by Calavo of Additional Taxes Paid by the HS Shareholders.**

(1) If, but only if, Calavo elects to make the Section 338(h)(10) Election, then Calavo shall be obligated to make a payment to each HS Shareholder equal to the amount

by which (A) the federal and state income taxes that were paid by the HS Shareholder upon the receipt of the portion of the Purchase Price that is attributable to Calavo's purchase of the HS Shares exceeds (B) the federal and state income taxes that would have been paid by the HS Shareholder upon the receipt of such Purchase Price if Calavo had not required the Section 338(h)(10) Election to be made. The purpose of Calavo's covenant set forth in the preceding sentence is to reimburse each HS Shareholder in an amount equal to any additional federal and state income taxes that are paid by the HS Shareholder as a result of the taxation of a portion of the Purchase Price at ordinary income tax rates rather than at capital gains tax rates arising from the Section 338(h)(10) Election, including, without limitation, by reason of Code Section 1245, and regulations thereunder, regarding "depreciation recapture." Calavo's covenant is not intended to reimburse any HS Shareholder for taxes that the HS Shareholder would have been required to pay in the absence of the Section 338(h)(10) Election.

(2) An HS Shareholder shall be entitled to the tax reimbursement payment described in Section 4.10(b)(1) only following delivery by the HS Shareholder to Calavo of (A) a copy of the relevant portions of the HS Shareholder's federal and state tax returns showing the federal and state income taxes paid by the HS Shareholder upon the receipt of the Purchase Price attributable to the sale of the HS Shareholder's HS Shares and (B) a calculation setting forth in reasonable detail the federal and state income taxes that would have been paid by the HS Shareholder on such Purchase Price if Calavo had not required the Section 338(h)(10) Election to be made and if the sale of the HS Shares had therefore been treated as a sale of stock rather than as a sale of assets. Calavo shall make the reimbursement payment to the HS Shareholder within thirty days after reaching agreement with the HS Shareholder regarding the additional income taxes that were paid by the HS Shareholder as a result of the Section 338(h)(10) Election. An HS Shareholder shall be entitled to seek reimbursement from Calavo each time that the HS Shareholder files federal and state tax returns for a tax year in which taxes were paid upon the receipt of the portion of the Purchase Price that is attributable to the sale of the HS Shares.

(3) If Calavo and the HS Shareholder are unable to reach agreement on the amount of Calavo's reimbursement obligation within thirty days after the date that Calavo receives the documents described in Section 4.10(b)(2) from the HS Shareholder, then the matter shall be submitted for resolution to an accountant selected by Calavo and the HS Shareholder. The accountant shall make his determination within sixty days after appointment, and Calavo and the HS Shareholder shall each be entitled to make presentations and deliver supporting documents to the accountant, whose determination shall be final and binding upon the parties absent evidence of gross negligence, fraud, or other misconduct by the accountant in making the determination. The fees and expenses of the accountant shall be borne by Calavo. Calavo and the HS Shareholder shall each bear the fees and expenses of its own tax advisors and accountants in connection with determining the amount of Calavo's tax reimbursement obligation under this Section 4.10(b). If Calavo and the HS Shareholder are unable to agree upon the selection of an accountant within sixty days after the date that Calavo receives the documents described in Section 4.10(b)(2), the matter shall be submitted to arbitration pursuant to Section 8.14 of this Acquisition Agreement, in which event the matter shall be resolved in accordance with the terms of Sections 8.13, 8.14, and 8.15 of this Acquisition Agreement.

(c) **Section 754 Election for HP.** Following its purchase of the HP LLC Interests, Calavo shall be entitled to make an election under Code Section 754 on behalf of HP regarding a step-up in the basis of HP's assets.

(d) **Tax Returns.** Calavo shall prepare and file (or cause to be prepared and filed) all tax returns for HS and HP for all periods ending on, prior to, or after the Closing Date that are to be filed after the Closing Date, and all refunds attributable to such tax returns shall belong to Calavo. With respect to their own tax returns that are required to be filed after the Closing Date, each of Calavo, each HP Shareholder, and each HS Owner agrees to prepare each such tax return in a manner that is consistent with the provisions of this Section 4.10, including, without limitation, Section 4.10(a) pertaining to the Section 338(h) (10) Election for HS and Section 4.10(e) regarding the allocation of the Purchase Price.

(e) **Allocation of the Purchase Price; Form 8594.**

(1) As promptly as practicable after the Closing, Calavo shall allocate the Purchase Price in accordance with Code Sections 755 and 1060 among the HS Shares and the HP LLC Interests (including among the assets and liabilities of HS and HP), and Calavo shall advise Mr. Cole of the allocation.

(2) Calavo shall prepare and file an Internal Revenue Service Form 8594, Asset Acquisition Statement Under Section 1060 ("**Form 8594**"), that is consistent with the allocation of the Purchase Price described in this Section 4.10(e). Upon the request of Calavo, the HS Shareholders and the HP Owners shall execute the Form 8594 and deliver it to Calavo within ten days after a request for the executed Form 8594 is made by Calavo. If required by applicable law, Calavo shall also prepare and file amendments to Form 8594 after the exact amount of the Earn-Out Payments has been determined and, within ten days after receiving Calavo's request, the HS Shareholders and the HP Owners shall execute and deliver to Calavo each such amended Form 8594.

(3) Calavo, the HS Shareholders, and the HP Owners agree to be bound Calavo's allocation of the Purchase Price described in this Section 4.10(e) 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 4.10(e) with respect to the allocation of the Earn-Out Payments after the exact amount of the Earn-Out Payments has been determined.

(f) **Cooperation on Tax Matters.** Calavo, the HS Shareholders, and the HP Owners shall cooperate with each other in connection with the filing of tax returns described in this Section 4.10 and in connection with any audit, litigation, or other proceeding brought by any Governmental Authority with respect to such tax returns or with respect to the allocations described in this Section 4.10. Such cooperation shall include the retention and, upon another party's request, the provision of records and other information reasonably relevant to any such audit, litigation, or other proceeding.

(g) **Indemnification.** As provided in Article 7, the HS Shareholders and the HP Owners shall be liable to Calavo for breaches of their representations and warranties in this Acquisition Agreement regarding taxes. Subject to Section 4.10(b), the HS Shareholders and the HP Owners shall be responsible for paying any and all taxes that are incurred as a result of the transfer of the HS Shares and HP LLC Interests to Calavo.

ARTICLE 5
CLOSING

5.1 Time, Place, and Date. The Closing shall take place at Calavo's principal business office in Santa Paula, California, on May 30, 2008.

5.2 Calavo's Closing Deliveries. At the Closing, Calavo shall deliver to the HS Shareholders and the HP Owners a certificate, in form and substance reasonably satisfactory to the HS Shareholders and the HP Owners, stating that (1) each representation and warranty of Calavo contained in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant hereto) is true and correct in all respects on and as of the Closing Date with the same effect as if such representation and warranty had been made on and as of the Closing Date, and (2) Calavo has performed in all material respects all agreements required by this Acquisition Agreement to be performed by it prior to or at the Closing.

5.3 Shareholders' Closing Deliveries. At the Closing, the HS Shareholders and the HP Owners shall deliver to Calavo the following instruments, agreements, and documents, duly executed where applicable, each of which must be in form and substance reasonably satisfactory to Calavo:

(a) Certificates evidencing all of the HS Shares, together with stock assignments duly executed by the HS Shareholders transferring to Calavo their entire right, title, and interest in and to all of the HS Shares and any other documents requested by Calavo that are required or appropriate in order to transfer the HS Shares to Calavo in the manner contemplated by this Acquisition Agreement;

(b) Assignments to Calavo of the HP LLC Interests, executed by the HP Owners;

(c) Evidence of (1) the contribution to HS or HP, as applicable, of all outstanding principal and interest on all loans that have been made by Mr. Cole and the other HS Shareholders and the HP Owners to HS or HP (including, without limitation, the loan to HP that is secured by the Cole Mortgage), (2) the cancellation and re-conveyance to HP of the Cole Mortgage, and (3) the termination of the Cole Financing Statement;

(d) All resignations from the Board of Directors of HS or the Management Committee or other governing body of HP that are requested by Calavo;

(e) A certificate stating that (1) each representation and warranty of the HS Shareholders and the HP Owners contained in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant hereto) is true and correct in all respects on and as of the Closing Date with the same effect as if such representation and

warranty had been made on and as of the Closing Date, and (2) each HS Shareholder and HP Owner has performed in all material respects all agreements required by this Acquisition Agreement to be performed by each such person prior to or at the Closing; and

(f) The Form 8023 regarding the Section 338(h)(10) Election, to be filed by Calavo if it elects to make the Section 338(h)(10) Election, executed by each HS Shareholder, and any comparable election forms requested by Calavo under state, local, and foreign tax law, executed by each HS Shareholder.

ARTICLE 6

POST-CLOSING CONFIDENTIALITY AND NON-COMPETITION COVENANTS

6.1 Confidentiality. No HS Shareholder or HP Owner shall at any time after the Closing use or disclose to any person, directly or indirectly, any confidential information concerning the business of Calavo, HS, or HP, including, without limitation, any 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 HS Shareholder's or HP Owner's employment with Calavo during the period that he or she is so employed, (y) required by an order of a court of competent jurisdiction (provided that the HS Shareholder or HP Shareholder must promptly give Calavo written notice of such order), or (z) authorized in writing by the Chief Financial Officer of Calavo. The prohibition that is contained in the preceding sentence shall not apply to any information that is disclosed to the public by Calavo or that otherwise becomes generally available to the public other than through a disclosure by an HS Shareholder or an HP Owner or by a person acting in concert with such person.

6.2 Non-Competition and Unfair Competition Covenant. To provide Calavo the full value of its acquisition of the HS Shares and the HP LLC Interests, and as a material inducement to Calavo to enter into this Acquisition Agreement and to consummate the transactions contemplated hereby, each HS Shareholder and HP Owner agrees to refrain from competing with Calavo to the extent provided in this Article 6. Without the prior written consent of Calavo, no HS Shareholder or HP Owner shall, at any time during the period described in Section 6.3, directly or indirectly (whether as owner, principal, agent, partner, officer, employee, independent contractor, consultant, or otherwise):

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

(b) Compete with (or have any ownership interest in any corporation, limited liability company, partnership, or other entity that competes with) any business that is conducted by Calavo, HS, or HP (1) in any county, city, or other geographic area in the United States (including, without limitation, each county in the States of California and Hawaii) or foreign country in which Calavo, HS, or HP has conducted its business prior to the date of this Acquisition Agreement so long as Calavo, HS, or HP carry on such business or a similar business in such place or places, or (2) in any other domestic or foreign geographic area in which Calavo, HS, or HP subsequently conducts its business; provided, however, that the provisions of this Section 6.2 shall not be construed as prohibiting any HS Shareholder or HP Owner 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.

6.3 Duration.

(a) With respect to each HS Shareholder and HP Owner who is not employed by Calavo, HS, or HP as of the Closing Date, the non-competition and unfair competition covenant of Section 6.2 shall be effective for a period beginning on the Closing Date and ending on the third anniversary of the Closing Date.

(b) With respect to Mr. Cole and every other HS Shareholder and HP Owner who is employed by Calavo, HS, or HP as of the Closing Date, the non-competition and unfair competition covenant of Section 6.2 shall be effective for a period beginning on the Closing Date and ending on the later to occur of (1) the third anniversary of the Closing Date or (2) the first anniversary of the date of the termination for any reason of Mr. Cole's or such other HS Shareholder's or HP Owner's employment with Calavo, HS, or HP.

6.4 Scope and Reasonableness. Calavo, the HS Shareholders, and the HP Owners 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 6.2 and 6.3 shall be construed as a series of separate covenants by each HS Shareholder and HP Owner, one for each area included in the geographical scope described in Section 6.2 and for each year (or portion thereof) described in Section 6.3. Except for geographical coverage and duration, each such covenant of each HS Shareholder and HP Owner shall contain all of the terms of the covenants of this Article 6. If any arbitrator or court of competent jurisdiction refuses to enforce any covenant contained in this Article 6, then such unenforceable covenant shall be deemed to have been deleted from this Acquisition Agreement to the extent necessary to permit the remaining separate covenants to be enforceable. Each HS Shareholder and HP Owner has considered the nature and extent of the restrictions upon competition set forth in this Article 6 and agrees that they are reasonable with respect to duration and geographical scope and in all other respects.

6.5 Calavo's Remedies. Each HS Shareholder and HP Owner agrees that the provisions of this Article 6 are reasonable and necessary to protect the legitimate business interests of Calavo. If an HS Shareholder or an HP Owner breaches any of the provisions of Section 6.1 or 6.2, Calavo may, among its other remedies, retain all Earn-Out Payments that are otherwise owed to the HS Shareholder or HP Owner under this Acquisition Agreement, and Calavo shall be relieved of any obligation to make such payments to the HS Shareholder or HP Owner. Furthermore, each HS Shareholder and HP Owner 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 6.1 or 6.2, and that his or her breach of any of such provisions will result in immeasurable and irreparable harm to Calavo. Therefore, in addition to any other remedy to which Calavo may be entitled by reason of the HS Shareholder's or HP Owner's breach of any such provision, Calavo shall be entitled to seek and obtain temporary, preliminary, and permanent injunctive relief from any court of competent jurisdiction restraining the HS Shareholder or HP Owner from committing or continuing any breach of any provision of Section 6.1 or 6.2.

6.6 Venue. For purposes of injunctive relief, each HS Shareholder and HP Owner agrees to submit to the jurisdiction of the courts located in the jurisdiction or jurisdictions where it is alleged that Calavo is at the time being damaged by an alleged breach or violation of the provisions of this Article 6.

ARTICLE 7
INDEMNIFICATION

7.1 Survival of Representations, Warranties, and Agreements.

(a) Except as otherwise described in this Section 7.1(a), all representations and warranties of the parties that are contained in this Acquisition Agreement shall survive the Closing Date for a period of eighteen months, and any claim for indemnification pursuant to Section 7.2(a) or 7.3(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 by a party shall survive forever;

(2) The HS Shareholders' and the HP Owners' representations and warranties that are contained in the following sections of this Acquisition Agreement shall survive forever: Sections 2.1 (Organization and Good Standing of HS and HP), 2.2 (Capitalization of HS), 2.3 (Capitalization of HP), 2.4 (Corporate Powers), 2.5 (Authority of HS Shareholders and HP Owners), 2.6 (Binding Effect), 2.26 (Litigation), 2.27 (Compliance with Laws), 2.28 (Environmental Matters), 2.30 (Tax Matters), 2.31 (Employees), and 2.32 (Finders and Brokers); and

(3) Calavo's representations and warranties that are contained in the following sections of this Acquisition Agreement shall survive forever: Sections 3.1 (Organization and Good Standing), 3.2 (Corporate Powers), 3.3 (Authority), 3.4 (Binding Effect), and 3.7 (Finders and Brokers).

A claim for indemnification made by any party that alleges that a representation or warranty was made fraudulently may be brought at any time after the Closing, and a claim for indemnification made by any party that alleges a breach of a representation or warranty contained in one or more of the sections of this Agreement described above in paragraph (2) or (3) may be brought at any time after the Closing.

(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 7.1(a). Each representation or warranty made by any HS Shareholder or HP Owner shall be deemed to have been made jointly and severally by all of the HS Shareholders and the HP Owners.

(c) All agreements of the parties made in this Acquisition 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 Acquisition Agreement or in any other agreement or document that is delivered pursuant to this Acquisition Agreement shall be deemed to be contained in this Acquisition Agreement.

7.2 Indemnification by the HS Shareholders and the HP Owners. Subject to the provisions of this Article 7, the HS Shareholders and the HP Owners jointly and severally shall indemnify, defend, and hold harmless Calavo (including HS and HP) 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 Calavo (including HS and HP) may incur based upon, arising out of, relating to, or resulting from:

(a) Any breach of any representation or warranty of any HS Shareholder or HP Owner made in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant to this Acquisition Agreement);

(b) Any breach of, or failure to perform, any agreement of any HS Shareholder or HP Owner that is contained in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant to this Acquisition Agreement);

(c) Any liability of HS or HP as of the Closing that is not reflected and fully and adequately reserved against on the balance sheet for HS or HP which is contained in the HS Financial Statements or the HP Financial Statements, except for liabilities incurred subsequent to the date of such balance date and prior to the Closing in the ordinary course of business;

(d) With respect to the agreements to which HS or HP is a party or is otherwise bound as of the Closing, any breaches or defaults (or events giving rise to such breaches or defaults) by HS or HP that occurred prior to the Closing or that occur as a result of the Closing; or

(e) Any litigation, arbitration, investigation, or other claim or legal proceeding (including, without limitation, any claims and legal proceedings that are described in the Disclosure Schedule) whether brought before or after the Closing, that is based upon or arises out of any actions or omissions made or taken by any HS Shareholder or HP Owner or HS or HP prior to the Closing.

7.3 Indemnification by Calavo. Subject to the provisions of this Article 7, Calavo shall indemnify, defend, and hold harmless the HS Shareholders and the HP Owners from and against any and all Losses that the HS Shareholders and the HP Owners may incur based upon, arising out of, relating to, or resulting from:

(a) Any breach of any representation or warranty of Calavo made in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant to this Acquisition Agreement); or

(b) Any breach of, or failure to perform, any agreement of Calavo that is contained in this Acquisition Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant to this Acquisition Agreement).

7.4 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 7, 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 Acquisition 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 ten 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. With respect to an indemnification notice that involves a claim or legal proceeding by a third party, the indemnifying party shall, within ten 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, provided that any such election must be accompanied by a written acknowledgement by the indemnifying party of its obligation to indemnify the indemnified party with respect to all elements of such 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 ten 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.

(c) Subject to the provisions of Section 7.4(b), 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.

7.5 Additional Indemnification Limitations.

(a) The maximum aggregate indemnification obligation of any HS Shareholder or HP Owner shall not exceed the sum of the amount of the Purchase Price payable to such person on the date of this Acquisition Agreement plus the aggregate amount of Earn-Out Payments to which such person is entitled. For example, if Mr. Cole is entitled to Purchase Price payments of \$3,212,500 (an initial payment of \$899,500 plus Earn-Out Payments of \$2,313,000) and if the Cole Trust is entitled to Purchase Price payments of \$6,075,000 (an initial payment of \$1,701,000 plus Earn-Out Payments of \$4,374,000), then Mr. Cole's maximum aggregate indemnification obligation shall be \$3,212,500 and the Cole Trust's maximum aggregate indemnification obligation shall be \$6,075,000. The maximum aggregate indemnification obligation of Calavo shall not exceed the amount of the Purchase Price payable by Calavo under this Acquisition Agreement.

(b) No claims shall be made by Calavo for indemnification from Eric Weinert for Losses that do not relate to HP. Calavo acknowledges and agrees that Mr. Weinert has not been involved in the operations of HS during the period prior to the Closing Date.

(c) No claims shall be made by Calavo for indemnification from the HS Shareholders and the HP Owners pursuant to Section 7.2(a), 7.2(c), and/or 7.2(d) unless and until the aggregate amount of the Losses incurred by Calavo exceeds \$50,000, in which event Calavo shall become entitled to full indemnification for all of its Losses.

(d) No claims shall be made by the HS Shareholders and the HP Owners for indemnification from Calavo pursuant to Section 7.3(a) unless and until the aggregate amount of the Losses incurred by the HS Shareholders and the HP Owners exceeds \$50,000, in which event the HS Shareholders and the HP Owners shall become entitled to full indemnification for all of their Losses.

(e) The indemnification limitations described in Sections 7.5(c) and 7.5(d) shall not apply to a claim that is made under Section 7.2(b) or 7.3(b) based upon an alleged breach of, or failure to perform, any agreement of Calavo or any HS Shareholder or HP Owner or to a claim made under Section 7.2(e).

(f) The amount of any recovery by an indemnified party pursuant to this Article 7 shall be net of any insurance proceeds actually received by the indemnified party (but not to the extent that such proceeds are repaid by the indemnified party through increased insurance premiums). Any indemnification payment made pursuant to this Acquisition Agreement shall be treated by the parties to this Acquisition Agreement as an adjustment to the Purchase Price for tax purposes.

(g) This Article 7 and Section 1.6 of this Acquisition Agreement set forth the sole and exclusive remedies of Calavo, on the one hand, and of the HS Shareholders and the HP Owners, on the other hand, for monetary damages after the Closing arising out of a breach of this Acquisition Agreement by the other party or parties.

(h) If Calavo becomes entitled to receive an indemnification payment under the terms of this Article 7, Calavo shall have the right to apply any unpaid Earn-Out Payments that are otherwise payable to the HS Shareholders and the HP Owners pursuant to Section 1.6 above as an offset against, and in full or partial satisfaction of, the amounts that are owed to Calavo pursuant to the indemnification provisions of this Article 7. However, the amount or duration of the indemnification obligations pursuant to this Article 7 shall not be limited to the Earn-Out Payments.

7.6 Shareholder Representative.

(a) Mr. Cole is hereby designated by the HS Shareholders and the HP Owners to serve as their “**Shareholder Representative**” under this Acquisition Agreement with respect to the matters set forth in this Article 7 and, by his signature below, Mr. Cole hereby acknowledges such appointment and agrees to serve in such capacity on the terms set forth herein. Effective only upon the Closing, the Shareholder Representative shall act as the representative of the HS Shareholders and the HP Owners with respect to the matters set forth in this Article 7 and shall be authorized to act on behalf of such persons and to take any and all actions required or permitted to be taken by the HS Shareholders and the HP Owners under this Article 7 with respect to any claims (including the settlement thereof) made by Calavo for indemnification pursuant to this Article 7 (including, without limitation, the exercise of the power to agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts and arbitrators with respect to, any claims for indemnification). Mr. Cole, during the period that he serves as the Shareholder Representative, shall be the only party entitled to assert the rights of the HS Shareholders and the HP Owners under this Article 7 after the Closing. Any person shall be entitled to rely on all statements, representations, and decisions of the Shareholder Representative.

(b) The HS Shareholders and the HP Owners shall be bound by all actions taken by the Shareholder Representative in his capacity as such. The Shareholder Representative shall promptly, and in any event within ten days, provide written notice to the HS Shareholders and the HP Owners of any action taken on behalf of them by the Shareholder Representative pursuant to the authority delegated to the Shareholder Representative under this Article 7. The Shareholder Representative shall not be liable to any HS Shareholder or HP Owner for any error of judgment, or any action taken, or omitted to be taken, under this Acquisition Agreement, except in the case of its gross negligence or willful misconduct. The Shareholder Representative shall not be entitled to any compensation for his services. Mr. Cole agrees not to resign his position as the Shareholder Representative except by reason of his disability or death.

ARTICLE 8
GENERAL PROVISIONS

8.1 Notices. All notices and other communications required or permitted by this Acquisition 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, to the address for the party appearing in Exhibit 8.1 (or such other address or facsimile number as the party may designate to the other parties to this Acquisition 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.

8.2 Amendments and Termination; Entire Agreement. This Acquisition Agreement may be amended or terminated only by a writing executed by each party to this Acquisition Agreement. Together with the Disclosure Schedule and any and all exhibits and schedules to this Acquisition Agreement, this Acquisition 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.

8.3 Incorporation of Exhibits and Schedules. Any and all exhibits and schedules that are attached to this Acquisition Agreement are incorporated into this Acquisition Agreement and shall be deemed to be part of this Acquisition Agreement.

8.4 Successors and Assigns. This Acquisition Agreement shall be binding upon, and shall benefit, the parties hereto and their respective successors and assigns. Notwithstanding the foregoing, (1) the rights and obligations of the HS Shareholders and the HP Owners are not assignable to another person without Calavo's prior written consent, and (2) the rights and obligations of Calavo hereunder are not assignable to another person without Mr. Cole's prior written consent, except that Calavo may assign its rights and obligations hereunder without obtaining such consent in connection with Calavo's merger with and into another corporation or in connection with the sale of all or substantially all of Calavo's assets or capital stock to another person, provided that such other person assumes in a writing delivered to the HS Shareholders and the HP Owners all of the obligations of Calavo set forth in this Acquisition Agreement. Subject to the preceding sentences of this paragraph, this Acquisition Agreement is not intended to benefit any person, or to be enforceable by any person, other than the parties to this Acquisition Agreement.

8.5 Calculation of Time. Wherever in this Acquisition 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.

8.6 Further Assurances. Each party to this Acquisition 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 Acquisition Agreement.

8.7 Provisions Subject to Applicable Law. All provisions of this Acquisition 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 Acquisition Agreement invalid, illegal, or unenforceable under any applicable law. If any provision of this Acquisition Agreement or any application thereof shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of other provisions of this Acquisition Agreement or of any other application of such provision shall in no way be affected thereby.

8.8 Waiver of Rights. No party to this Acquisition Agreement shall be deemed to have waived any right or remedy that it has under this Acquisition Agreement unless this Acquisition 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.

8.9 Headings; Gender and Number; Interpretation.

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

(b) Where appropriate to the context of this Acquisition 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 Acquisition Agreement, refer to this Acquisition 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 Acquisition Agreement shall be deemed to be followed by the words “without limitation.” Any statute, rule, or regulation defined or referred to in this Acquisition Agreement means such statute, rule, or regulation as from time to time amended, including by successor statutes, rules, and regulations.

8.10 Expenses. Except as otherwise provided in this Acquisition Agreement, each party to this Acquisition Agreement shall bear its own costs and expenses incurred in connection with this Acquisition Agreement. Without limiting the generality of the preceding sentence, Calavo shall not be responsible for the payment of costs and expenses (including attorneys’ fees) incurred by any party other than Calavo in negotiating, interpreting, or enforcing this Acquisition Agreement, except as provided otherwise in Section 8.15.

8.11 Counterparts. This Acquisition 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 Acquisition Agreement may be executed by facsimile.

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

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

8.14 Arbitration of Disputes; Jury Trial Waiver.

(a) To the fullest extent permitted by applicable law, all disputes arising at any time between two or more parties to this Acquisition Agreement concerning the interpretation or enforcement of this Acquisition Agreement shall be submitted to final and binding confidential arbitration, before one arbitrator, in accordance with the JAMS arbitration rules and procedures that are in effect on the date of such arbitration including, without limitation, any discovery rights that are expressly provided by such rules. If JAMS is not in operation as of the date of such dispute, references in this Section 8.14 to JAMS shall instead mean the American Arbitration Association.

(b) All arbitration proceedings shall be conducted in Los Angeles, California and shall be administered by JAMS. Each party to this Acquisition Agreement consents to such venue and jurisdiction and agrees that personal jurisdiction over such party for purposes of the arbitration proceeding or for any court action that is permitted by this Acquisition Agreement may be effected by service of process addressed and delivered as provided in Section 8.1.

(c) A party shall be entitled to initiate an arbitration proceeding if a dispute cannot be resolved amicably within thirty days after the other party has been notified in writing of the existence of the dispute. The parties to the dispute shall attempt to agree upon the arbitrator, who shall be a retired California state or federal court judge from the Los Angeles, California office of JAMS. If the parties cannot agree upon an arbitrator within fifteen days after the matter is submitted for arbitration, a retired California state or federal court judge from the Los Angeles, California office of JAMS promptly shall be appointed in accordance with the applicable rules of JAMS to serve as the sole arbitrator. Each party shall have the right to be represented by counsel in the arbitration proceeding.

(d) The arbitrator hereby is instructed to interpret and enforce this Acquisition Agreement in strict accordance with its terms, and the arbitrator shall not have the right or power to alter or amend any term of this Acquisition Agreement except to the limited extent expressly

provided above in Section 8.7, entitled Provisions Subject to Applicable Law. The arbitrator is required to apply applicable substantive law in making an award, and the arbitrator is required to issue a written decision that summarizes the findings and conclusions upon which the award is based. The arbitrator's award shall be final and binding and may be enforced in any court having jurisdiction over the matter; provided, however, that an award of the arbitrator that is in violation of the requirements of either of the two immediately preceding sentences shall constitute an action that exceeds the arbitrator's power under this Acquisition Agreement and may be vacated by a court of competent jurisdiction to the extent permitted by applicable California law.

(e) Notwithstanding the preceding provisions of this Section 8.14, each party to this Acquisition 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 Acquisition Agreement.

(f) Each party hereto agrees that all rights to a trial by a jury of any claim arising out of or relating to this Acquisition Agreement are forever and absolutely waived.

8.15 Attorneys' Fees and Other Expenses. To the fullest extent permitted by applicable law, the unsuccessful party to any arbitration proceeding or to any court action that is permitted by this Acquisition Agreement shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in the arbitration proceeding or the court action by the successful party, all of which shall be included in and as a part of the award rendered in the proceeding or action. For purposes of this Section 8.15, attorneys' fees shall include, without limitation, fees incurred in connection with post-judgment and post-award actions.

[signature page follows]

IN WITNESS WHEREOF, Calavo, the HS Shareholders, and the HP Owners have executed and delivered this Acquisition Agreement as of the date first written above.

CALAVO GROWERS, INC.

By: /s/ Arthur J. Bruno

Arthur J. Bruno
Chief Financial Officer

By: /s/ Egidio Carbone

Egidio Carbone
Chairman of the Special Committee of the Board of Directors

/s/ LECIL E. COLE

LECIL E. COLE

/s/ ERIC WEINERT

ERIC WEINERT

/s/ SUZANNE COLE-SAVARD

SUZANNE COLE-SAVARD

/s/ GUY COLE

GUY COLE

/s/ LECIL E. COLE

LECIL E. COLE, AS TRUSTEE OF THE LECIL E. AND MARY
JEANETTE COLE REVOCABLE TRUST DATED OCTOBER 19,
1993

/s/ MARY JEANETTE COLE

MARY JEANETTE COLE, AS TRUSTEE OF THE LECIL E.
AND MARY JEANETTE COLE REVOCABLE TRUST DATED
OCTOBER 19, 1993

EXHIBIT 1.6
EARN-OUT PAYMENTS EXAMPLE

Financial Forecast Combined Operations	Estimated - 12 Months Ended			Total
	December 31, 2007	May 31, 2009	May 31, 2010	
Minimum EBITDA (from Hawaiian Fruit Only)	\$ 1,333,800	\$ 1,400,000	\$ 1,400,000	
Payments if Minimums are Met	May 19, 2008	2009	2010	Total
Purchase land fee simple	\$ 1,500,000			\$ 1,500,000
Purchase of Operating Businesses				
Purchase Contract	\$ 3,500,000			
Non-competes etc.	\$ —			
Closing Payments for Operating Businesses	\$ 3,500,000			
EBITDA Multiple on business only				
	Approx. 2.5X	2.5	2.5	7.5X
Annual Payments based on EBITDA multiple		\$ 3,500,000	\$ 3,500,000	
Total Payments	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 10,500,000
Total Payments including Land	\$ 5,000,000			\$ 12,000,000
“Floor and “Cap” Provisions on Earn-Out Payments (not including land)				
Total Payments including the first payment cannot be Less Than				\$ 8,500,000
Total Payments including the first payment cannot be More Than				\$ 12,500,000
What “If” Scenarios				
If EBITDA falls to		\$ 1,200,000	\$ 1,200,000	
Then Payments to Cole would be	\$ 3,500,000	\$ 3,000,000	\$ 3,000,000	\$ 9,500,000
If EBITDA rises to		\$ 1,600,000	\$ 1,600,000	
Then Payments to Cole would be	\$ 3,500,000	\$ 4,000,000	\$ 4,000,000	\$ 11,500,000
If EBITDA falls to		\$ 750,000	\$ 750,000	
Then Payments to Cole would be	\$ 3,500,000	\$ 2,500,000	\$ 2,500,000	\$ 8,500,000
If EBITDA rises to		\$ 2,000,000	\$ 2,000,000	
Then Payments to Cole would be	\$ 3,500,000	\$ 4,500,000	\$ 4,500,000	\$ 12,500,000

EXHIBIT 8.1

ADDRESSES FOR NOTICES

Calavo Growers, Inc.

Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
Attention: Chief Financial Officer
Fax: (805) 921-3223

Any HS Shareholder or HS Owner

c/o Lecil E. Cole
1750 Orcutt Road
Santa Paula, California 93060
Fax: (805) 525-5439

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**AGREEMENT AND ESCROW INSTRUCTIONS FOR
PURCHASE AND SALE OF REAL PROPERTY (FARMLAND)**

BY AND BETWEEN

**LECIL E. AND MARY JEANETTE COLE, as Trustees
(Singly and Collectively, As Seller)**

AND

**CALAVO GROWERS, INC.
(As Buyer)**

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**AGREEMENT AND ESCROW INSTRUCTIONS FOR
PURCHASE AND SALE OF REAL PROPERTY (FARMLANDS)**

THIS AGREEMENT ("Agreement") is made (for document identification purposes only) as of May 19, 2008, by and between CALAVO GROWERS, INC., a California corporation, or Assignee ("Buyer"), and LECIL E. AND MARY JEANETTE COLE, acting jointly and severally hereunder as Trustees of the Lecil E. and Mary Jeanette Cole Revocable 1993 Trust (singly and collectively, "Seller").

WITNESSETH

WHEREAS, Buyer wishes to purchase, and Seller wishes to sell, in accordance with the terms and conditions set forth herein, the real and personal property and fixtures more particularly described and defined herein as the Property.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer and Seller (sometimes individually the "Party", and sometimes collectively the "Parties") hereby agree as follows:

1. PURCHASE AND SALE OF PROPERTY.

In accordance with, and subject to, the terms and conditions hereinafter set forth, Seller shall sell and convey to Buyer, and Buyer shall purchase and accept from Seller, that certain real property consisting of approximately 727.22+/- acres of agricultural land on the Island and in the County of Hawaii, State of Hawaii, described in the legal descriptions attached to the Title Report (as defined below) (the "Land"), and the following (collectively, along with the Land, the "Property"): (a) all rights, privileges and easements appurtenant to such Land; (b) all plants, vines, trees and crops now or hereafter existing thereon; (c) all improvements and fixtures on said Land, including, without limitation, any buildings, structures, irrigation equipment, non-portable fencing, wells, casings, pumping plants, pumping equipment, pipelines, levees, drain lines, ditches and canals, sumps, ponds, storage, transport and drainage facilities; (d) all rights (if any) to receive or produce water on said Land, including all ground-water pumping credits or exchange pumping credits, permits, licenses, entitlements, water stock and any other ownership interests (if any) in any water company and all rights (if any) to receive irrigation water, including, without limitation, all water entitlements and allocations pertaining to water used by or on said Land, to be transferred by deed, assignment or such other written instruments as may be necessary or appropriate; (e) such agreements, contracts, licenses, leases and other rights as may be assignable by Seller and as Buyer elects to assume under the provisions of this Agreement; (f) all permits, licenses, approvals and authorizations issued by any governmental authority for the benefit of the Property or the operation thereof; and (g) all personal property, if any, owned by Seller located on the Land and used in connection therewith (the "Personal Property").

2. PURCHASE PRICE.

2.1 Purchase Price. The purchase price (the "Purchase Price") for the Property is **ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000)**, payable all in cash to Seller as set forth below.

2.2 Payment of Purchase Price. In sufficient time to allow for the disbursement of funds to the Seller on May 19, 2008, Buyer shall deposit into Escrow in immediately available funds the Purchase Price, as adjusted by any prorations and additional fees payable by the Buyer, as shown on the Settlement Statement for Buyer prepared by Escrow Holder. On May 19, 2008, Escrow Holder shall deliver the Purchase Price to Seller, adjusted by any prorations, tax withholdings, or additional fees payable by the Seller, as shown on the Settlement Statement for Seller as prepared by Escrow Holder.

3. TITLE MATTERS.

3.1 Permitted Exceptions. Buyer acknowledges and confirms that Buyer has received the preliminary title reports dated as of December 31, 2007 (order nos. 200800526 and 200800527) for the Property, along with a copy of the documentation that may evidence or underlie any of the title exceptions shown in Schedule B thereto (collectively, the "Title Report") from Title Guaranty of Hawaii, Inc. (the "Title Company"). By its execution of this Agreement, Buyer agrees to accept title to the Property at the Close of Escrow subject to the following matters and exceptions (collectively, the "Permitted Exceptions"): (a) liens for nondelinquent real property taxes; (b) all matters and exceptions shown in Schedule B of the Title Report; (c) any matters affecting the Property resulting from the Buyer's acts or omissions; (d) all standard printed matters and exceptions contained in the Owner's Title Policy (as defined in Section 8.1 hereof); and (e) any facts, rights, interests or claims that could be ascertained by a physical inspection of the Property, or that an accurate survey of the Property would disclose, including, without limitation, any discrepancies or conflicts in boundary lines, shortages in area or encroachments, except to the extent known to Seller and not disclosed to Buyer.

3.2 Monetary Liens. Notwithstanding anything to the contrary expressed or implied herein, on or before the Close of Escrow, all trust deeds, mortgages, mechanic's liens, financing statements, and other monetary liens (other than liens for nondelinquent real property taxes) (collectively, "Monetary Liens"), shall be removed as encumbrances on title to the Property, and as exceptions to the Owner's Title Policy for the Property, it being understood that any and all such Monetary Liens have been disapproved by Buyer and are not Permitted Exceptions. Furthermore, Seller shall not cause or allow any title matter not shown in the Title Report to become of record prior to the Close of Escrow.

3.3 Gap Closing. Buyer and Seller have delivered to the Title Company a recordable Memorandum of Agreement and Escrow Instructions for Purchase and Sale of Real Property and a Memorandum of Acquisition Agreement (collectively, the "Memoranda") and a Mutual Termination and Release. The Title Company is hereby authorized and directed to record the Memoranda on May 19, 2008 and to record the Mutual Termination and Release on the Close of Escrow. Buyer and Seller have also delivered to the Title Company an Indemnity Agreement, for the benefit of the Title Company. In connection with its receipt of the Indemnity Agreement

and recordation of the Memoranda, the Escrow Holder shall disburse to the Seller the Purchase Price (adjusted as described in Section 2.2) on May 19, 2008, and the Title Company shall insure title to the Property in accordance with the Title Company's pro forma, which is to be updated as of May 19, 2008.

4. BUYER AND SELLER REPRESENTATIONS, ACKNOWLEDGEMENTS, AND AGREEMENTS.

4.1 Due Diligence Materials. Seller represents that it has provided to Buyer one complete and legible copy of any and all information and documents known to Seller that in any way affect the Property or the use, operation, occupancy or possession thereof or title thereto (collectively "Due Diligence Materials"), including, without limitation, any governmental permits or licenses; any leases, easements, rights-of-way, contracts or agreements; any historical financial information; any notices, claims or lawsuits pertaining to the Property; any surveys, maps, aerial photographs or diagrams of the Land; and any environmental, soils or geological reports, studies or notices, or results of investigations or assessments. In addition, Seller has provided Buyer with access to and copies of such other of Seller's books, records and files pertaining to the Property as Buyer requested.

4.2 No Assigned and Assumed Rights and Obligations. The Parties have determined that there were no rights or obligations included in the Due Diligence Materials that Seller would assign to Buyer and that Buyer would assume from Seller.

4.3 Tax-Deferred Exchange. Either Party may, at its option, elect to have the Property transferred as part of a tax-deferred exchange pursuant to U.S. Internal Revenue Code Section 1031. In order to facilitate such an exchange, each Party shall cooperate with the other Party, shall execute, acknowledge and deliver any and all documents that the requesting Party may reasonably request, and shall deal with any intermediary as the requesting Party may direct; **provided however, that** no Party shall be required to (a) incur any escrow or title cost or any other out-of-pocket cost or expense in connection with the exchange; (b) take title to any property other than the Property; or (c) incur any additional material liability as the result of said cooperation, and each Party's right and ability to enforce each and every term of this Agreement against the other Party, including, without limitation, any rights with respect to warranties and representations, shall not be in any way materially diminished or impaired by said cooperation.

4.4 Seller's Activities Prior to the Close of Escrow. From the date of this Agreement through the Close of Escrow, Seller shall (a) operate and maintain the Property in a manner that is consistent with its past practices and in accordance with Seller's normal course of operation; (b) maintain Seller's current insurance coverages; and (c) not knowingly take or permit to be taken any action that would render any of the representations or warranties of Seller set forth in this Agreement incorrect or untrue as of the Close of Escrow; and Seller shall not (i) enter into any new agreements or obtain any new permits or licenses that affect the Property, or (ii) amend, extend or terminate any existing agreements or permits or licenses that affect the Property, or (iii) take (or fail to take) any action if such action (or failure) might alter the existing land use and zoning or legally allowed uses of the Property.

4.5 Reporting Person. Seller and Buyer hereby designate Escrow Holder as the "**Reporting Person**" for the transaction pursuant to Section 6045(e) of the Internal Revenue Code and the regulations promulgated thereunder and agree to execute such documentation as is reasonably necessary to effectuate such designation.

4.6 Delivery of Property Materials. Seller shall deliver to Buyer at Close of Escrow, outside of Escrow, all keys to the Property in the possession of Seller, its employees, agents or contractors; all booklets, manuals, warranties and other documents relating to the Property or any part thereof (if any and if in Seller's possession); and originals of such Due Diligence Materials as Buyer may reasonably request.

5. POSSESSION AND RISK OF LOSS.

Possession of the Property shall be delivered to Buyer at Close of Escrow. Risk of loss with respect to the Property shall remain with Seller until the Close of Escrow, but shall pass to Buyer at the Close of Escrow.

6. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller hereby warrants, represents and covenants to Buyer (and no one else) as of the date of execution of this Agreement and as of the Close of Escrow that:

6.1 Brokerage Fees. Seller has not engaged, and owes no fees, commissions or the like to, any broker, finder or similar agent in connection with this Agreement or the transactions contemplated by this Agreement.

6.2 Foreign Person. Seller is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and applicable regulations, and is not a "nonresident person" as that term is used in Section 235-68 of the Hawaii Revised Statutes, as amended.

6.3 Seller Authority. (a) Seller has full legal right and authority to enter into this Agreement and the other documents to be delivered by Seller hereunder, and to consummate the transactions contemplated herein; (b) each natural person executing this Agreement on behalf of Seller is authorized to do so; and (c) this Agreement constitutes a valid and legally binding obligation of Seller enforceable in accordance with its terms, subject to bankruptcy and similar laws of general application with respect to creditors.

6.4 No Violation. Neither the execution or delivery of this Agreement nor the performance of Seller's obligations under this Agreement violate, or will violate, any contract, agreement or instrument to which Seller is a party or by which Seller or the Property is bound or result in or constitute a violation or breach of any judgment, writ, order, injunction or decree applicable to Seller or the Property.

6.5 Litigation. There are no actions, suits, claims or other proceedings that have been served against Seller or the Property, or that to Seller's knowledge, are otherwise pending, contemplated or threatened against Seller or the Property, that could materially and adversely

affect the Property, its use or value, or Seller's ability to perform its obligations as and when required under the terms of this Agreement.

6.6 Consent. No consent of any third party or governmental agency or governmental authority is required for the execution of this Agreement by Seller or the consummation by Seller of the transactions contemplated hereby.

6.7 Condemnation. Seller has received no notice of any pending condemnation or similar proceeding or assessment by any governmental agency affecting the Property or any part thereof, and, to Seller's knowledge, no such proceeding is pending, contemplated or threatened.

6.8 Compliance. The Property is in full compliance with all applicable permits, approvals, licenses, certificates, covenants, conditions, restrictions, leases, easements and agreements of any kind or nature affecting the Property.

6.9 Adverse Title or Possession Claims. Except for Permitted Exceptions, Seller is the legal fee simple title holder of the Property and has good, marketable and insurable title to the Property, free and clear of all occupancies, liens, encumbrances, claims, covenants, leases, licenses, conditions, restrictions, easements, rights of way, options, judgments or other matters. There have been no tenants and there are no tenants that have been using or have had the right to use the Property during the period in which the Seller owned the Property, and the Seller has not executed any leases, license agreements, or rental agreements, and has collected no revenues in connection with its ownership of the Property.

6.10 Environmental Matters. To Seller's actual knowledge, except as disclosed in any written environmental reports in the Due Diligence Materials, no portion of the Land is filled land, and there are no underground or other storage tanks on the Property and there are no Hazardous Materials (as defined below) in existence on, under or about the Property in violation of any Environmental Laws (as defined below). For purposes of this Agreement, "**Hazardous Materials**" means inflammable materials, petroleum products, explosives, radioactive materials, asbestos, polychlorinated biphenyls, lead, lead-based paint and any other substance or material that is listed in or regulated under any applicable federal, state or local laws pertaining to the protection of health or the environment, including, without limitation, the Federal Water Pollution Act, as amended (33 U.S.C. § 1251 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 *et seq.*), and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 1801 *et seq.*) (collectively, "**Environmental Laws**").

6.11 Due Diligence Materials Complete. The Due Diligence Materials constitute all of the information and documents that affect the Property in any material way, and contain no material misstatements or omissions.

6.12 Seller Bankruptcy; Insolvency. Seller has not (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Seller's creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all, of Seller's assets; (d) suffered the attachment or other

judicial seizure of all, or substantially all, of Seller's assets; (e) admitted in writing its inability to pay its debts as they come due; or (f) made an offer of settlement, extension or composition to its creditors generally.

6.13 No Use or Zoning Changes. Seller has not been advised of any plan, study or effort by any governmental agency or authority that would materially adversely affect the present use or zoning of any portion of the Property or that would modify or realign any street or highway adjacent to the Property.

6.14 Land Access to Public Road. The Land is not land-locked, and has legal and perpetual access to a public two-way road.

6.15 No Assessments or Deferred Taxes. To Seller's actual knowledge, there are no outstanding, pending or proposed special assessments or special real property related taxes, including any deferred money payments or performances on account of any subdivision or change in zoning or land use classification, affecting the Land or any acts or omissions of Seller that would result in the imposition of any deferred or "roll back" taxes with respect to the Land.

6.16 Payment of Taxes. Seller has filed, on a timely basis, all tax returns and estimates for all years and periods for which such tax returns and estimates were due with respect to income or revenue generated by its ownership of the Property (including, without limitation, returns related to the Hawaii Gross Excise Tax), 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 gross revenue, the taxable income, and the liability for taxes of the Seller in the relevant taxation period covered by the tax return. The Seller has paid in full all taxes that are (or were) due and payable by the Seller with respect to the operations of the Seller on the Property. The Seller has not ever received written notice from any governmental agency or authority in a jurisdiction where the Seller does not currently file tax returns to the effect that the Seller is or may be subject to taxation by that jurisdiction arising out of the operations of the Seller on the Property.

6.17 Improvement Contracts. There are no outstanding contracts for the construction of improvements on the Land that have not been fully paid for, there are no mechanics' or materialmen's liens applicable to the Land arising from any labor or materials furnished to the Land, and Seller has not authorized any actions on the Land that would give rise to the right to a mechanic's or materialmen's lien on the Land.

6.18 Plant and Equipment. To Seller's actual knowledge, the electrical, plumbing, irrigation, heating and cooling systems and appliances, if any, in the improvements on the Land are in good working order; the roofs, structural components and foundations of the improvements, if any, on the Land are performing the function for which they were intended and are not in need of repair; there are no unusual drainage conditions or evidence of mold, mildew or excessive moisture adversely affecting the Land and improvements thereon; and the electrical, telephone, gas, water and waste disposal systems serving the Land and the improvements are adequate, not in need of repair and are performing the functions for which there were intended.

6.19 Wetlands. To Seller's actual knowledge, there are no areas of the Land subject to wetlands regulation or the jurisdiction of any federal, state or county agency regulating and controlling wetlands, and no such agency has made a determination that any wetland exists on the Land.

6.20 Historic Sites. To Seller's actual knowledge, the Land does not contain and buildings, structures, objects, districts, areas or sites of prehistoric, historic or archeological interest or significance of any site eligible for listing on the National Register of Historic Places.

6.21 Endangered Species. To Seller's actual knowledge, the Land does not contain any aquatic life, wildlife or plant defined as or include in the definition of "endangered species" under any federal, state, or local laws, ordinances or regulations relating to the conservation, preservation, management or protection of any endangered species or critical habitat upon which any endangered species depends.

6.22 Disability Access. To Seller's actual knowledge, all improvements within the Land comply with all governmental requirements regarding access of disabled persons including, without limitation, Titles III and V of the Americans With Disabilities Act of 1990, 42 U.S.C. § § 12101, *et seq.* or any other similar federal, state or local laws or ordinances and regulations promulgated thereunder.

7. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer hereby warrants, represents and covenants to Seller (and no one else) as of the Opening of Escrow and the Close of Escrow that:

7.1 Brokerage Fees. Buyer has not engaged, and owes not fees, commissions or the like to, any broker, finder or similar agent in connection with this Agreement or the transactions contemplated by this Agreement.

7.2 Buyer's Authority. (a) Buyer has full legal right and authority to enter into this Agreement and to consummate the transactions contemplated herein; (b) each natural person executing this Agreement on behalf of Buyer is authorized to do so; and (c) this Agreement constitutes a valid and legally binding obligation of Buyer enforceable in accordance with its terms, **subject** to bankruptcy and similar laws of general application with respect to creditors.

7.3 Buyer Bankruptcy; Insolvency. Buyer has not (a) made a general assignment for the benefit of creditors; (b) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by Buyer's creditors; (c) suffered the appointment of a receiver to take possession of all, or substantially all, of Buyer's assets; (d) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets; (e) admitted in writing its inability to pay its debts as they come due; or (f) made an offer of settlement, extension or composition to its creditors generally.

8. BUYER'S CONDITIONS.

Buyer's obligation to complete the purchase of the Property as contemplated herein is subject to each of the conditions contained in this Article 8.

8.1 Owner's Title Policy. Upon the Close of Escrow, Escrow Holder shall be in a position to deliver to Buyer a standard coverage owner's policy of title insurance (including a non-imputation endorsement re Mr. Cole, and such access, subdivision, zoning and other endorsements as Buyer may reasonably request) with a liability limit equal to the Purchase Price, insuring record title to the Property in Buyer, subject only to the Permitted Exceptions (the "Owner's Title Policy"), as of the pro forma issued to Buyer on and as of May 19, 2008.

9. INDEMNIFICATION.

9.1 Indemnification by Seller. Seller shall indemnify, protect, defend (with counsel reasonably acceptable to Buyer) and hold Buyer and Buyer's officers, directors, members, employees and agents harmless from and against any and all claims, fines, assessments, demands, liabilities, losses, damages, costs and expenses (including, but not limited to, interest, awards, judgments, penalties, reasonable attorneys', accountants' or other professionals' fees, court or other proceeding fees or costs, or expenses of every kind and nature whatsoever) all the foregoing collectively "Losses") that Buyer shall incur or suffer and that arise or result from or relate to any breach of any representation, warranty, covenant, agreement or obligation of Seller contained in this Agreement.

9.2 Indemnification by Buyer. Buyer shall indemnify, protect, defend (with counsel reasonably acceptable to Seller) and hold Seller and Seller's officers, directors, members, employees and agents harmless from and against any and all Losses that Seller shall incur or suffer and that arise or result from or relate to any of the following: (a) any breach of any representation, warranty, covenant, agreement or obligation of Buyer contained in this Agreement; (b) any and all statutory or common law liens or other encumbrances for labor or materials furnished in connection with any tests, samplings, studies, surveys or other activities as Buyer may conduct on or with respect to the Property; or (c) any injury to or death of persons or damage to the Property or any other property occurring in, on or about the Property as a result of Buyer's acts or omissions.

9.3 Survival of Indemnities. The indemnities set forth in Sections 9.1 and 9.2 above shall survive the Closing and shall not be merged into the Deed (as defined in Section 10.5.1).

9.4 Matters Involving Third Parties.

If any third party shall notify a Party (the "Indemnified Party") with respect to any matter which may give rise to a claim for indemnification against the other Party (the "Indemnifying Party") under this Article 9, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; **provided, however, that** no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

10. ESCROW AND ESCROW INSTRUCTIONS; CLOSING DELIVERIES.

10.1 Escrow. The purchase and sale of the Property shall be conducted through an escrow (the "Escrow") with Title Guaranty Escrow Services, Inc. ("Escrow Holder") at the Escrow Holder's address indicated in Section 11.11 hereof.

10.2 Opening of Escrow. The opening of Escrow (the "Opening of Escrow") shall occur when Escrow Holder possesses a copy or copies of this Agreement executed in counterparts or otherwise by the Parties. Escrow Holder's signature below shall constitute the agreement of Escrow Holder to serve hereunder in such capacity, and Escrow Holder shall insert the date of the Opening of Escrow where indicated at the end of this Agreement. Escrow Holder shall promptly return to each Party counterparts of this Agreement executed by the other Party and Escrow Holder.

10.3 Further Escrow Instructions. The Parties shall promptly execute and deliver to Escrow Holder such additional instructions, resolutions and other documents as Escrow Holder may reasonably require that are not inconsistent with or contrary to the provisions hereof. In the event of any inconsistency or conflict between said instructions and the provisions of this Agreement, this Agreement shall control.

10.4 Closing Date. The "Closing Date" shall mean the date that the Close of Escrow occurs, which date shall occur on May 30, 2008. The Close of Escrow shall mean the date on which the Warranty Deed is recorded by the Title Company.

10.5 Documents. On or before the Business Day immediately prior to the Closing Date, the Parties shall do the following:

10.5.1 Seller Deposits. Seller shall deposit into Escrow the following documents (each fully executed and, as to the Deed and the Recordable Documents, notarized): (a) a full warranty deed (the "Deed"); (b) a certificate ("Seller's Certificate"), in form and substance reasonably satisfactory to the Buyer, stating that (1) each representation and warranty of Seller contained in this Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant hereto) is true and correct in all respects on and as of the Closing Date with the same effect as if such representation and warranty had been made on and as of the Closing Date, and (2) Seller has performed in all material respects all agreements required by this to be performed by it prior to or at the Closing; (c) a certificate satisfying requirements of Section 1445 of the Internal Revenue Code (the "FIRPTA Certificate"), an executed Conveyance Tax Certificate (Form P-64A) for the Deed, a certificate certifying whether Seller is or is not a "nonresident person", as that term is used in Section 235-68 of the Hawaii Revised Statutes, as amended (the "HARPTA Certificate"), and a bulk sale or transfer certificate for Seller issued by the State of Hawaii under Section 237-43 of the Hawaii Revised Statutes, as amended (the "Tax Clearance Certificate"); (d) such other documents and affidavits as may be reasonably required by the Escrow Holder or by the Title Company in connection with the issuance of the Owner's Title Policy; (e) such evidence of Seller's authority to enter into and consummate this transaction as the Escrow Holder may reasonably require; (f) Memorandum of Agreement and Escrow Instructions for Purchase and Sale of Real Property, Memorandum of Acquisition Agreement, and Mutual Termination and Release of Acquisition Agreement (collectively, the "Recordable Documents"); and (g) such other documents as Buyer may reasonably require to effectuate the transfer.

10.5.2 Buyer's Deposits. Buyer shall deposit into Escrow the following funds and the following documents (each fully executed, and as to the Recordable Documents, notarized): (a) the Balance of the Purchase Price, plus funds for such prorations and additional

charges are required by the Escrow Officer; (b) a certificate (“Buyer’s Certificate”), in form and substance reasonably satisfactory to the Seller, stating that (1) each representation and warranty of Buyer contained in this Agreement (including any exhibit, schedule, or other agreement or document delivered pursuant hereto) is true and correct in all respects on and as of the Closing Date with the same effect as if such representation and warranty had been made on and as of the Closing Date, and (2) Buyer has performed in all material respects all agreements required by this to be performed by it prior to or at the Closing; (c) Buyer’s notice to Seller and Escrow Holder that the Property (including, without limitation, the Title Report or any other aspect of title) is satisfactory to Buyer in all aspects; (d) the Recordable Documents; and (e) such other documents and affidavits as may be reasonably required by the Escrow Holder or the Title Company in connection with the issuance of the Owner’s Title Policy.

10.6 Closing Costs. The costs of consummating the purchase and sale contemplated herein (collectively, the “Closing Costs”) shall be paid through Escrow as follows: (a) Seller and Buyer shall each pay one-half (1/2) of Escrow Holder’s fees and expenses; (b) Seller shall pay the real-estate documentary transfer taxes arising in connection with the recordation of the Deed, and the costs of the Owner’s Title Policy (collectively, the “Title Policy Costs”); (c) Buyer shall pay all recording fees; and (d) Buyer shall pay for any title insurance costs for any endorsements or other coverages that Buyer may request of the Title Company and that are beyond those customarily included in a standard coverage owner’s policy of title insurance. **Except** as specifically set forth in this Section or elsewhere in this Agreement, each Party shall pay its own fees and expenses incurred by it or on its behalf in connection with this Agreement.

10.7 Prorations. Real-estate taxes and assessments shall be prorated between Buyer and Seller at and as of the Close of Escrow based upon the most recent available information in the tax assessor’s office. Rents, fees and other items of income or expense from the Property shall also be prorated between Buyer and Seller at and as of the Close of Escrow. On or before five (5) Business Days prior to the Closing Date, Escrow Holder shall advise Buyer and Seller of Escrow Holder’s estimate of the net credit to Buyer or Seller, as the case may be, resulting from such prorations. If such prorations result in a net credit to Seller, Buyer shall deposit in Escrow in immediately available funds, along with the Balance of the Purchase Price, the amount of such credit estimated by Escrow Holder. If the tax proration is based on tax bills for the calendar year immediately preceding the year of the Close of Escrow and the actual amount of taxes for the year of the Close of Escrow differs from the amount upon which the prorations were based, then Buyer and Seller, promptly upon receipt by either of them of the notice or bill for the taxes actually pertaining to the year of the Close of Escrow, shall between themselves (and outside Escrow) adjust the prorations made at the Close of Escrow to accurately reflect the taxes actually payable for the year of the Close of Escrow, with the taxes to be computed with the maximum discount for prompt payment, if any. Seller shall be solely responsible for any and all taxes payable for any period preceding the Close of Escrow, including but not limited to any “roll back” or other taxes assessed or payable after the Close of Escrow with respect to any ownership or actions on the Property for any period prior to Close of Escrow; **provided, however, that** Buyer (not Seller) shall be entirely responsible for any increase in post-Close of Escrow real-property taxes that may occur by reason of the sale of the Property to Buyer by reason of any reappraisal of the Property for tax purposes or otherwise.

10.8 Close of Escrow. As soon as:

(a) Seller has deposited into Escrow all of the documents specified in Section 10.5.1 hereof;

(b) Buyer has deposited into Escrow (i) the Balance of the Purchase Price, (ii) any additional funds required to pay the estimated net credit to Seller for the required prorations, (iii) any additional funds required to pay Buyer's share of the Closing Costs, and (iv) the documents specified in Section 10.5.2 hereof; and

(c) As soon as Escrow Holder is prepared to deliver to Buyer, upon recordation of the Deed, the Owner's Title Policy insuring title to the Property subject only to the Permitted Exceptions, Escrow Holder shall do the following:

- (i) Cause the Title Company to record the Deed in the Bureau of Conveyances of the State of Hawaii;
- (ii) deliver to Buyer Seller's Certificate, the FIRPTA Certificate, the Tax Clearance Certificate, copies of the HARPTA Certificate and the Conveyance Tax Certificate, the Owner's Title Policy and any other documents which Seller is to deliver and Buyer is to receive hereunder through Escrow at the Close of Escrow;
- (iii) deliver to Seller Buyer's Certificate and any other documents which Buyer is to deliver and Seller is to receive hereunder through Escrow at the Close of Escrow;
- (iv) deliver, record or file any other documents deposited into Escrow as required by such documents or hereunder;
- (v) disburse to Seller, by wire transfer to an account designated by Seller in writing, the Purchase Price less (A) the amount of any net credit to Buyer resulting from the prorations required hereunder and (B) Seller's share of the Closing Costs;
- (vi) disburse to the Title Company the Title Policy Costs;
- (vii) disburse Escrow Holder's fees to Escrow Holder;
- (viii) disburse to Buyer any funds remaining in Escrow after the foregoing payments; and
- (ix) obtain for each Party conformed copies of all documents recorded in connection with the transactions contemplated hereunder.

Escrow Holder's performance of the foregoing actions shall be deemed to occur simultaneously. The taking of such actions and the moment thereof are hereinabove and hereinafter called the "Close of Escrow". The Close of Escrow shall occur immediately following the closing of the transactions described in that certain Acquisition Agreement (the "Acquisition Agreement") dated as of the date hereof, by and among Buyer and the shareholders of Hawaiian Sweet, Inc., a California corporation, and CW Hawaii Pride LLC, a Hawaii limited liability company.

11. GENERAL PROVISIONS.

11.1 Attorneys' Fees. Should either Party institute any action or proceeding to enforce any provision of this Agreement, or for damages by reason of an alleged breach of any provision of this Agreement, or for a declaration of rights hereunder, or for any other relief arising out of or related to the transaction contemplated by this Agreement, the prevailing Party in any such action shall be entitled to receive from the other Party all costs and expenses, including its reasonable attorneys' and expert witness fees, incurred by the prevailing Party in connection with such action or proceeding.

11.2 Binding Effect; Assignment. Either Party may assign all or any portion of its rights and obligations under this Agreement to anyone, including, without limitation, any officer, director, shareholder, partner, manager, member, trustee, executor, administrator, subsidiary, parent company other related entity or other fiduciary of the assigning Party, and this Agreement shall be binding upon and inure to the benefit of each of the Parties and their respective successors and assigns; **provided, however, that** no assignment of a Party's rights or obligations hereunder (whether in whole or in part) shall relieve such assigning Party of its obligations hereunder.

11.3 Time of Essence. Time is of the essence of this Agreement.

11.4 Days and Business Days. The term "day" means a calendar day, and the term "Business Day" means any day other than a Saturday, Sunday or legal holiday under the laws of the United States or the State of Hawaii. Any period of time specified in this Agreement, which would otherwise, end upon a non-Business Day shall be extended to, and shall end upon, the next following Business Day.

11.5 Entire Agreement; Modifications. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersedes all prior negotiations, agreements and understandings of the Parties with respect to the subject matter hereof, including, without limitation, the letter agreement dated October 25, 2007 between the Parties. This Agreement may not be modified, amended, supplemented or otherwise changed except by a writing executed by all of the Parties.

11.6 Further Assurances. Each Party and Escrow Holder shall from time to time execute, acknowledge and deliver such further instruments and perform such additional acts as the other Party or Escrow Holder may reasonably request to effectuate the intent of this Agreement.

11.7 Titles and Headings. Titles and headings of Sections in this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

11.8 Execution in Counterparts. This Agreement, and any amendment hereto, may be executed in two or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. To expedite the transaction contemplated herein, signatures appearing on e-mailed, faxed or telecopied transmissions may be used in place of original signatures on this Agreement. Seller and Buyer intend to be bound by the signatures on the e-mailed, faxed or telecopied transmission, are aware that the other Party will rely on the e-mailed, faxed or telecopied signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on the fact that a signature may be in e-mailed, faxed or telecopied form.

11.9 Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of Hawaii and for all purposes shall be governed and construed in accordance with the laws of said State (without regard to such State's conflicts-of-law rules or laws).

11.10 Exhibits. Each of the exhibits referred to herein and attached hereto is incorporated herein by this reference.

11.11 Notices. Except as expressly provided to the contrary herein, any notice, consent, report, demand, document or other item to be delivered to Buyer, Seller or Escrow Holder hereunder shall be deemed delivered and received (a) when given in writing and personally delivered to the person designated below for the applicable party; (b) one (1) day after delivery to Federal Express or other nationally known "next-day." delivery service with delivery charges prepaid for delivery the following Business Day to the person designated below for the applicable party; (c) upon delivery by the United States Postal Service, first-class registered or certified mail, postage prepaid, return receipt requested, at the time of delivery shown upon such receipt; or (d) when received by facsimile with confirmation of transmission by the sender; and in any such case shall be delivered to the address or addresses indicated for such party below, and/or to such other person or address as such party may from time to time by written notice designate to the other:

If to Buyer:

Calavo Growers, Inc.
1141-A Cummings Road
Santa Paula, CA 93060
Attn: Art Bruno, Chief Financial Officer
Fax No.: (805) 921-3287
Tel. No.: (805) 525-1245

with a copy to:

TroyGould
1801 Century Park East
Los Angeles, CA 90067-2367
Attn: Sandra Slon, Esq.
Fax No.: (310) 789-1492
Tel. No.: (310) 789-1392

And

Carlsmith Ball LLP
P.O. Box 656
Honolulu, HI 96809-0656
Attn: Robert Strand, Esq.
Fax No.: (808) 523-0842
Tel. No.: (808) 523-2525

If to Seller:

Lecil E. Cole
C/o Calavo Growers, Inc.
1141-A Cummings Road
Santa Paula, CA 93060
Fax No.: (805) 921-3287
Tel. No.: (805) 525-1245

If to Escrow Holder:

Title Guaranty Escrow Services, Inc.
235 Queen Street
Honolulu, HI 96813
Attn: Barbara Paulo, Asst. Vice President, Escrow Officer
Fax No.: (808) 521-0209
Tel. No. (808) 521-0280
Escrow No.: A8-101-0270

11.12 Invalidity of Certain Provisions. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

11.13 Survival. All covenants, obligations, indemnities, rights, remedies, representations and warranties contained in this Agreement shall survive the Close of Escrow, and shall not be merged into, or otherwise extinguished by the Deed, it being understood that such covenants, obligations, indemnities, rights, remedies, representations and warranties shall control in the event that any of them may conflict (or be inconsistent) with any implied covenants in the Deed.

11.14 Jurisdiction; Hawaiian Courts. BUYER AND SELLER HEREBY CONSENT AND SUBMIT TO THE EXCLUSIVE JURISDICTION OF ALL FEDERAL AND STATE COURTS IN THE STATE OF HAWAII FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY AGREES THAT SUCH COURTS SHALL HAVE EXCLUSIVE JURISDICTION FOR ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

11.15 Parties-in-Interest. All the conditions and covenants of this Agreement are imposed only for the benefit of the Parties hereto and their successors and assigns as provided herein. No other person shall have standing to require satisfaction or performance under any of the terms hereof, and no such person shall be deemed, under any circumstances, to be a beneficiary of the conditions and covenants of this Agreement, or have a right of subrogation hereunder unless the Parties hereto expressly waive this Section and agree to same.

11.16 Fair Construction. This Agreement shall be given a fair and reasonable construction in accordance with the intention of the Parties without regard to the Party responsible chiefly for the drafting of this Agreement. All references to Section numbers in this Agreement are references to Sections of this Agreement.

11.17 Other Definitions. Terms defined in any other part of this Agreement shall have the defined meanings wherever capitalized herein. As used in this Agreement, the terms “herein,” “hereof” and “hereunder” refer to this Agreement in its entirety and are not limited to any specific sections; and the term “person” means any natural person, other legal entity, or combination of natural persons and/or other legal entities. Wherever appropriate in this Agreement, the singular shall be deemed to refer to the plural and the plural to the singular, and pronouns of certain genders shall be deemed to comprehend either or both of the genders.

11.18 Nonwaiver. Unless otherwise expressly provided herein, no waiver by Seller or Buyer of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the waiving Party. No delay or omission in the exercise of any right or remedy accruing to Seller or Buyer upon any breach under this Agreement or otherwise shall impair such right or remedy or be construed as a waiver of any such right, remedy or breach theretofore or thereafter occurring. The waiver by Seller or Buyer of any breach of any term, covenant or condition herein stated shall not be deemed to be a waiver of any other breach, or of a subsequent breach of the same or any other term, covenant or condition herein contained. Except as otherwise expressly provided herein to the contrary, (a) all rights, powers, options, or remedies afforded to either Seller or Buyer hereunder or by law shall be cumulative and not alternative, and (b) the exercise of one right, power, option, or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

11.19 Recording. The Parties agree that the Recordable Documents described in Section 10.5.1 and 10.5.2 shall be recorded.

IN WITNESS WHEREOF, Buyer and Seller have caused this Agreement to be executed and delivered by their respective representatives, thereunto duly authorized, as of the date first above written.

BUYER:

CALAVO GROWERS, INC.

By: /s/ Eugene Carbone

Eugene Carbone,
Chairman of the Special Committee of the Board of
Directors

SELLER:

/s/ Lecil E. Cole
Lecil E. Cole, as Trustee of the Lecil E. and Mary Jeanette
Cole 1993 Revocable Trust

/s/ Mary Jeanette Cole
Mary Jeanette Cole, as Trustee of the Lecil E. and Mary
Jeanette Cole 1993 Revocable Trust

ESCROW HOLDER:

TITLE GUARANTY ESCROW SERVICES, INC.

By: /s/ Barbara Paulo

Name: Barbara Paulo
Title: Asst. Vice President,
Escrow Officer
Escrow No.: A8-101-0270

Date of Opening of Escrow: May 19, 2008.

Calavo Growers, Inc. (Nasdaq-GM: CVGW)

Lee Cole, Calavo Growers, Inc., (805) 921-3243

or

Jerry Freisleben, Foley/Freisleben LLC, (213) 955-0020

**CALAVO GROWERS ACQUIRES HAWAII-BASED PAPAYA AND
TROPICAL-PRODUCT PACKING, PROCESSING OPERATIONS;
COMPANY ALSO HIRES VETERAN SECURITIES ANALYST FOR
STRATEGIC DEVELOPMENT POST**

Transaction Highlights:

- § **Brings Papaya Packing Under Direct Calavo Control**
- § **Expands Footprint in Tropical Products Category**
- § **Provides Immediate Increase in Revenues and Earnings**
- § **Extends Papaya Relationship Dating Back to 1949**

SANTA PAULA, Calif. (May 20, 2008)—Calavo Growers, Inc. (Nasdaq-GM: CVGW) today announced that it has acquired Hawaiian Sweet Inc. and Hawaii Pride LLC, papaya and tropical-product packing and processing operations on the Big Island owned by Calavo's Chairman, President and Chief Executive Officer, Lee E. Cole. The company also reported that it has appointed Michael R. Lippold, CFA, a food-industry securities analyst, as director of strategic development, a newly created position.

A worldwide leader in avocado marketing and an expanding provider of other fresh-commodity-produce items, Calavo said that both the papaya acquisition and Lippold hire are consistent with its CEO's declared business agenda targeting 25 percent compound annual revenue growth through fiscal 2013.

Under terms of the transaction, Calavo acquires fresh operations which pack an estimated 65-70 percent of all Hawaiian-grown papayas and 80 percent of the mainland supply originating from the islands. The purchase brings under company ownership two fresh-papaya packinghouses and cooling facilities, papaya and guava puree operations (sold in bulk to food manufacturers) and

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Calavo Acquires Hawaiian Papaya Operations/2-2-2

U.S.D.A.-approved electronic-beam-irradiation technology used for processing Hawaiian sweet potatoes, papayas, and other tropical fruits bound for export. Calavo also gains approximately 3,000 acres on the eastern slopes of the Big Island—more than 725 owned and the remainder under lease—which, in turn, are sublet to farmers under contract for their harvests with Hawaiian Sweet.

An all-cash transaction, the total purchase consideration ranges from \$10 to \$14 million, subject to meeting certain operating-performance targets through May 31, 2009. Calavo indicated that it will finance the acquisition under existing credit facilities.

Calavo Chief Operating Officer Arthur J. Bruno said that he is very optimistic about the purchase, which brings both Hawaiian operations under direct company control. Since 1949, Calavo has sold and marketed Hawaiian papayas, a relationship that continued following Cole's acquisition of Hawaiian Sweet in the early 1990s.

COO Bruno Cites Benefits to Company

"Calavo transitions from simply being paid a commission on its papaya sales to collecting full margin based on its ownership of the papaya and tropical-product operations," said Bruno. "We are confident that our company's depth of financial and operational resources, along with a growing position in the tropical-produce category, can propel these acquired assets to the next level."

"The company anticipates increasing Hawaiian Sweet and Hawaiian Pride revenues and earnings, which we believe offer room for substantial growth as we further invest in the category. The company also expects to achieve efficiencies through elimination of certain duplicative overhead functions. With respect to the balance sheet, Calavo estimates gaining more than \$8 million in tangible assets from the collective packing and processing facilities, as well as 725-plus prime agriculture acres," Bruno continued.

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Bruno indicated that Calavo presently ships approximately 200,000 lbs. of fresh papayas to the mainland each week, a figure that offers ample room for growth. “We possess sufficient capacity in the acquired packinghouses to ratchet up volumes substantially as we work to expand the revenue base in the category,” he said.

Egidio Carbone, Jr., the independent Calavo director who led the special board committee overseeing the transaction, stated: “The board committee carefully evaluated this acquisition on its merits to Calavo and we believe the value—both immediately and over time—will add substantially to the company. Mindful of the inherent potential for conflict, we took extraordinary care to ensure the transaction was completed with independent oversight and reflected the board’s dedication to proper corporate governance.”

A fairness opinion on the acquisition was rendered to the company and its board committee by Key and Company LLC, an investment banking firm focused on the food and agribusiness industries.

Carbone added: “In the independent committee’s view, the Hawaiian Sweet and Hawaii Pride assets are uniquely suited for Calavo. For clear strategic and competitive reasons, we believed it was vitally important to ensure that the company’s market position in the papaya category remained secure.”

New Hire to Assist in Identifying Future Acquisition Targets

Lippold, who holds the Chartered Financial Analyst designation, will join the company from Craig-Hallum Capital Group LLC, a Minneapolis-based institutional research and investment bank where he had been since last year a senior research analyst in the consumer sector.

In his new post at the company, Lippold will undertake a wide range of responsibilities that include identifying potential mergers and acquisitions, valuations, new product identification and assessment, and capital-markets outreach, among other duties, according to CEO Cole.

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“Mike Lippold brings a perspective honed in capital markets to Calavo at a unique juncture in our evolution,” Cole said. “Our management is laying the foundation for driving Calavo sales toward \$1 billion and beyond by fiscal 2013 and strategic acquisitions are going to play an integral part of the growth plan. Having followed the company as an analyst, he possesses good insight to Calavo and our industry, knows our strategy and understands management’s growth mandate.

“Mike’s primary charter will be to rigorously evaluate the universe of fresh and processed food and agribusiness companies suitable for our consideration. We welcome him to the team and look forward to his many and varied contributions as we move ahead,” Cole said.

Lippold spent seven years in the investment-management business before joining Craig-Hallum. Prior to that, he was a quantitative portfolio manager for Telluride Asset Management LLC, where he had oversight and traded a fundamental equity portfolio for two years. From 2000-2005, he served first as a research analyst and subsequently co-managed a small-cap stock portfolio with Rocket Capital Management LLC. Both Telluride and Rocket are based in Wayzata, Minn. Lippold earned his B.A. degree in financial economics from Gustavus Adolphus College, Saint Peter, Minn.

About Calavo

Calavo Growers, Inc. is a worldwide leader in the procurement and marketing of fresh avocados and other perishable foods, as well as the manufacturing and distribution of processed avocado products. Founded in 1924, Calavo’s expertise in marketing and distributing avocados, processed avocados and other perishable foods allows the company to deliver a wide array of fresh and processed food products to food distributors, produce wholesalers, supermarkets and restaurants on a global basis.

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Safe Harbor Statement

This news release contains statements relating to future events and results of Calavo (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Actual results and events may differ 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 detailed from time to time in the company’s Securities and Exchange Commission filings, including, without limitation, the company’s Report on Form 10-K for the year ended October 31, 2007. These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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