

CALAVO GROWERS INC  
 Form 4  
 March 17, 2010

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 COLE LECIL E

2. Issuer Name and Ticker or Trading Symbol  
 CALAVO GROWERS INC  
 [CVGW]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 1141A CUMMINGS RD.  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/15/2010

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Chairman, CEO & President

SANTA PAULA, CA 93036  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	03/15/2010		M		35,000	A	\$ 9.1
Common Stock	03/15/2010		S		35,000	D	\$ 18.7695
Common Stock	03/16/2010		M		15,000	A	\$ 9.1
Common Stock	03/16/2010		S		15,000	D	\$ 18.1219

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 9.1	03/15/2010		M	35,000	<sup>(1)</sup> 08/25/2010	Common Stock	35,000
Stock Option (right to buy)	\$ 9.1	03/16/2010		M	15,000	<sup>(1)</sup> 08/25/2010	Common Stock	15,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
COLE LECIL E 1141A CUMMINGS RD. SANTA PAULA, CA 93036	X	X	Chairman, CEO & President	

## Signatures

/s/ Lecil E. Cole                      03/17/2010

\_\_Signature of                      Date  
Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The stock options vested when the closing price of the common stock of the Issuer reached \$11 per share; provided, however, that the (1) options could not vest within one year from the date of grant, which was August 25, 2005. The price of the common stock of the Issuer reached \$11 per share in April 2006. Thus, the stock options of the Reporting Person vested on August 25, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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	173,165
	173,165
Total liabilities, reflecting interest in liabilities	
of Master Trust	
	-
	-
	53,784,498
	53,784,498
Interest in net assets of Master Trust at fair value	
	620,628,612
	139,880,051
	96,308,786
	856,817,449

Adjustments from fair value to contract value for

fully benefit-responsive investment contracts

(436,580

)

-

-

(436,580)

NET ASSETS AVAILABLE FOR BENEFITS

\$

620,192,032

\$

139,880,051

\$

96,308,786

\$

856,380,869

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December 31, 2006

	Nonparticipant-Directed			Total
	Participant-Directed	Allocated	Unallocated	
<b>ASSETS</b>				
Participant-directed investments	\$ 580,067,677	\$ -	\$ -	\$ 580,067,677
Nonparticipant-directed investment in Company Stock (Leveraged ESOP), at quoted market price	-	117,054,098	134,412,041	251,466,139
Total investments, at fair value	580,067,677	117,054,098	134,412,041	831,533,816
Accrued interest receivable	-	-	1,034	1,034
Total assets, reflecting interest in assets of Master Trust	580,067,677	117,054,098	134,413,075	831,534,850
<b>LIABILITIES</b>				
Leveraged ESOP Note:				
Current	-	-	5,142,878	5,142,878
Non-current	-	-	54,440,578	54,440,578
Interest payable - Leveraged ESOP	-	-	192,455	192,455
Total liabilities, reflecting interest in liabilities of Master Trust	-	-	59,775,911	59,775,911
Interest in net assets of Master Trust at fair value	580,067,677	117,054,098	74,637,164	771,758,939
Adjustments from fair value to contract value for				
fully benefit-responsive investment contracts	1,298,731	-	-	1,298,731
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 581,366,408</b>	<b>\$ 117,054,098</b>	<b>\$ 74,637,164</b>	<b>\$ 773,057,670</b>

The accompanying Notes to the Financial Statements are an integral part of these statements.

**FPL GROUP BARGAINING UNIT EMPLOYEE RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Participant- Directed	Nonparticipant-Directed		Total
		Allocated	Unallocated	
<b>ADDITIONS</b>				
Participant contributions	\$ 31,051,784	\$ -	\$ -	\$ 31,051,784
Allocation of Leveraged ESOP shares (see Note 3)	-	9,115,815	-	9,115,815
Transfer from non-participant directed investments	7,301,625	-	-	7,301,625
Increase in Leveraged ESOP unallocated account (see Note 3)	-	-	37,994,489	37,994,489
Net investment income:				
Net investment gain in participation in				
Master Trust, at fair value	64,029,603	31,241,292	-	95,270,895
<b>Total additions</b>	<b>102,383,012</b>	<b>40,357,107</b>	<b>37,994,489</b>	<b>180,734,608</b>
<b>DEDUCTIONS</b>				
Benefit payments to Participants and beneficiaries	60,712,043	9,322,083	-	70,034,126
Transfer to participant directed investments	-	7,301,625	-	7,301,625
Decrease in Leveraged ESOP unallocated account (see Note 3)	-	-	16,322,867	16,322,867
Administrative expenses	121,907	11,382	-	133,289
<b>Total deductions</b>	<b>60,833,950</b>	<b>16,635,090</b>	<b>16,322,867</b>	<b>93,791,907</b>
Transfers from the plan, net	(2,723,438 )	(896,064 )	-	(3,619,502 )
<b>NET INCREASE</b>	<b>\$ 38,825,624</b>	<b>\$ 22,825,953</b>	<b>\$ 21,671,622</b>	<b>83,323,199</b>

Explanation of Responses:

NET ASSETS  
AVAILABLE FOR  
BENEFITS

AT DECEMBER 31, 2006	581,366,408	117,054,098	74,637,164	773,057,670
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NET ASSETS  
AVAILABLE FOR  
BENEFITS

AT DECEMBER 31, 2007	\$ 620,192,032	\$ 139,880,051	\$ 96,308,786	\$ 856,380,869
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The accompanying Notes to the Financial Statements are an integral part of these statements.

FPL GROUP BARGAINING UNIT EMPLOYEE RETIREMENT SAVINGS PLAN  
NOTES TO FINANCIAL STATEMENTS  
For the year ended December 31, 2007

1. Description of the Plan

Explanation of Responses:

The following description of the FPL Group Bargaining Unit Employee Retirement Savings Plan (the Plan) provides only general information. Participating employees (Participants) should refer to the Summary Plan Description available in their employee handbook (as updated periodically through Summaries of Material Modifications) or the Plan Prospectus for a more complete description of the Plan.

#### **General**

The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Participation in the Plan is voluntary. Bargaining unit employees of FPL Group, Inc. (the Company or FPL Group) and its subsidiaries, with the exception of employees in the Wisconsin Electric Power Company International Brotherhood of Electrical Workers local 2150 (WEPCO IBEW 2150) at FPL Energy Point Beach, LLC, are eligible to participate in the Plan on the first day of the month coincident with the completion of one full month of service with the Company or certain of its subsidiaries or on the first day of any payroll period thereafter. Employees in the WEPCO IBEW 2150 at FPL Energy Point Beach, LLC, are eligible to participate in the Plan on the first day of employment. In September 2007, the Company acquired Point Beach nuclear facility and as a result participants in the Nuclear Management Company, LLC 401(k) Savings Plan and WEC Employee Retirement Savings Plan were eligible to make a voluntary rollover into the Plan. The Plan includes a cash or deferred compensation arrangement (Pretax Option) permitted by Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code). The Pretax Option permits Participants to elect to defer federal income taxes on all or a portion of their contributions (Pretax Contributions) until they are distributed from the Plan. Under current tax law, the annual limitation on Pretax Contributions for the 2007 plan year was \$15,500. The Pretax Contribution limit will not change in 2008. In addition, individuals age 50 or older who contributed the maximum allowable under the Pretax Option in the Plan have the option of contributing up to an additional \$5,000 annually in Pretax Contributions.

The Plan also includes leveraged employee stock ownership plan (Leveraged ESOP) provisions. The Leveraged ESOP is a stock bonus plan within the meaning of Treasury Regulation Section 1.401-1(b)(1)(iii) that is qualified under Section 401(a) of the Code and is designed to invest primarily in the common stock, par value \$.01 per share, of FPL Group (Company Stock). Pursuant to the Leveraged ESOP, the Master Trust for Retirement Savings Plans of FPL Group, Inc. and Affiliates (Master Trust) purchased Company Stock from the Company using the proceeds of a loan (Acquisition Indebtedness) from FPL Group Capital Inc (FPL Group Capital), a subsidiary of FPL Group. The Company Stock acquired by the Master Trust is initially held in a separate account (Leveraged ESOP Account). As the Acquisition Indebtedness (including interest) is repaid, Company Stock is released from the Leveraged ESOP Account and allocated to Plan Participants.

The Plan has a Dividend Payout Program which enables Participants to choose how their dividends on certain shares of Company Stock held in the Plan are to be paid. The options available to Participants include reinvestment of dividends in Company Stock, distribution of dividends in cash, or a partial cash distribution with the balance reinvested in Company Stock. Dividends on Company Stock held in the Leveraged ESOP do not qualify under this program.

#### **Trustee**



Fidelity Management Trust Company (Trustee) administers the Master Trust established to hold the assets and liabilities of the Plan and the FPL Group Employee Retirement Savings Plan (Non-Bargaining Plan).

**Administration of the Plan**

The Plan is intended to qualify as a participant-directed account plan under Section 404(c) of ERISA. The Employee Benefit Plans Administrative Committee (as appointed by the Employee Benefits Advisory Committee of the Company) is named the fiduciary responsible for the general operation and administration of the Plan (but not management or control of Plan assets), and the Employee Benefit Plans Investment Committee (as appointed by the Employee Benefits Advisory Committee of the Company) is named the investment fiduciary but is not directly responsible for the management and control of the Plan assets. The Employee Benefits Advisory Committee acts on behalf of the Company as the Plan sponsor, as defined by ERISA. Fidelity Investments Institutional Operations Company (Fidelity) provides recordkeeping services with respect to the Plan.

**Employee Contributions**

Except for FPL Energy Maine Operating Services, LLC (FPL Energy Maine) bargaining unit employees, the Plan allows for combined pre-tax and after-tax contributions by eligible employees in whole percentages of up to 50% of their eligible earnings, as defined by the Plan. Pre-tax contributions are subject to limitations under the Code. Any participant who has attained age 50 by the end of the Plan year may make catch-up contributions in accordance with Code Section 414(v). FPL Energy Maine bargaining unit employees can elect to contribute up to a combined pretax and after tax maximum of 20% of their eligible earnings. Pretax contributions are subject to limitations under the Code. As of December 31, 2007, Participants could elect to invest in any combination of the 23 different investment options offered under the Plan. Participants may change their investment elections daily, subject to Fidelity's excessive trading policy and the Plan's limitations on investments in Company Stock.

**Employer Contributions**

The table below presents the employer contribution formula for the various Participant groups covered by the Plan.

Participant Group	Benefit
FPL Group and subsidiaries Bargaining Unit Employees, not listed below	100% on first 3% of employee contribution 50% on the next 3% of employee contribution 25% on the next 1% of employee contribution
FPL Energy Seabrook, LLC Bargaining Unit Employees	100% on first 3% of employee contribution

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FPL Energy Duane Arnold, LLC Bargaining Unit Employees and FPL Energy Point Beach, LLC Bargaining Unit Employees	100% on first 3% of employee contribution 50% on the next 2% of employee contribution
FPL Energy Point Beach, LLC Bargaining Unit Employees formerly represented by WEPCO IBEW 2150	50% on first 6% of employee contribution

Company matching contributions are made in the form of Company Stock through allocation of shares held in suspense in the Leveraged ESOP Account. The Company makes cash contributions for the difference between the dividends on the shares acquired by the Leveraged ESOP Account and the required principal and interest payments on Acquisition Indebtedness. During 2007, the Plan was allocated a Company contribution of approximately \$3.0 million (see Note 3). Contributions are subject to certain limitations.

**Forfeitures**

Forfeitures of non-vested Company matching contributions due to termination of employment may be used to restore amounts previously forfeited, to reduce the amount of future Company matching contributions to the Plan or may be applied to administrative expenses. At December 31, 2007 and 2006, the balance of the forfeiture account was \$325,927 and \$288,832, respectively. Forfeitures applied to administrative fees in 2007 totaled \$79,107.

**Vesting**

Participants are immediately 100% vested in employee contributions. For bargaining unit employees of FPL Energy Maine, LLC, employer contributions are fully vested upon attaining six months of service. For bargaining unit employees of FPL Energy Seabrook, LLC and FPL Energy Point Beach, LLC (TRN/RPC, PU, PSQ), employer contributions are fully vested immediately after attaining one month of service. For bargaining unit employees of FPL Energy Point Beach, LLC (IBEW 2150) employer contributions are fully vested after attaining one year of service. For bargaining unit employees of FPL Energy Duane Arnold, LLC existing on the date of acquisition of the Duane Arnold Energy Center (January 27, 2006), employer contributions are fully vested. For all bargaining unit employees of FPL Energy Point Beach, LLC existing on the date of acquisition of the Point Beach Nuclear Plant (September 28, 2007), employer contributions are fully vested. All other bargaining unit employees vest at a rate of 20% each year of service and are fully vested upon the Participant attaining five years of service. Under certain circumstances, an employee may also receive vesting credit for prior years of service with the Company or any of its subsidiaries.

**Participant Loans**

Each Participant may borrow from his or her account a minimum of \$1,000 up to a maximum of \$50,000 or 50% of the vested value of the account (reduced by prior loans), whichever is less. The vested portion of a Participant's account will be pledged as security for the loan. The annual rate of interest on Participant loans takes into account the

prime rate at the time of origination of the loan. The interest rate for Participant loans is fixed and ranged from 4% to 9.75% for loans outstanding at December 31, 2007. The maturity dates for loans outstanding at December 31, 2007 ranged from 2008 through 2015.

#### Benefit Payments and Withdrawals

Withdrawals by Participants from their accounts during their employment are permitted with certain penalties and restrictions. The penalties may limit a Participant's contributions to the Plan for varying periods following a withdrawal. Upon termination from employment, Participants are eligible to receive a distribution of the full value of their vested account balance. Terminated Participants can elect to receive a full payment, partial payments or installments over a period of up to ten years.

Transfers to (from) the Plan generally represent net transfers between the Plan and the Non-Bargaining Plan as well as transfers into the plan resulting from plan mergers. The majority of transfers arise as a result of Participants transferring between bargaining unit and non-bargaining unit positions while employed by FPL Group and its affiliated companies.

#### Administrative Expenses

The Company pays a portion of the administrative expenses of the Plan. All other expenses are paid directly by the Plan or through forfeitures or through revenue sharing that the Plan receives either directly or indirectly from certain of the Plan's investment options. Any fees paid directly by the Company are not included in the financial statements.

#### Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Participants will become 100% vested in their accounts.

## 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Investment income and interest income on loans to Participants are recognized when earned. Distributions to Participants are recorded when paid.

### **New Accounting Pronouncements**

*Fair Value Measurements* – In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. (FAS) 157, "*Fair Value Measurements*," which defines fair value, clarifies how to measure fair value and requires enhanced fair value measurement disclosures. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets for identical assets or liabilities. The Plan will be required to adopt FAS 157 for the Plan year beginning on January 1, 2008. The impact adoption of FAS 157 on the Plan's net assets available for benefits and changes in net assets available for benefits is not anticipated to be material.

*The Fair Value Option for Financial Assets and Financial Liabilities* - In February 2007, the FASB issued FAS 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*". The standard provides reporting entities with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between reporting entities that choose different measurement attributes for similar types of assets and liabilities. The new standard is effective for the Plan on January 1, 2008. The Plan did not elect the fair value option for any financial assets or financial liabilities as of January 1, 2008.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### **Investment Valuation and Income Recognition**

The fair value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and expenses. The underlying investments of the Master Trust are valued at fair value.

Investments in shares of registered investment companies (mutual funds) are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Company Stock and other common stock are valued at their quoted market price. Participation units of common collective trust funds are stated at their quoted redemption value on the last business day of the Plan year as reported by the investment managers.

The FPL Managed Income Fund holds synthetic guaranteed investment contracts (see Note 6 - FPL Managed Income Fund) with banks and insurance companies in order to provide Participants with stable, fixed-rate return of investment and protection of principal from changes in market interest rates. Wrap contracts provide the FPL Managed Income Fund with the ability to use contract value accounting to maintain a constant \$1 unit price. Wrap contracts also provide for the payment of participant-directed withdrawals and exchanges at contract value (principal and interest

accrued to date) during the term of the wrap contracts. However, withdrawals prompted by certain events (e.g., layoffs, early retirement windows, spin-offs, sale of a division, facility closings, plan terminations, partial plan terminations, changes in law or regulation, etc.) may be paid at market value which may be less than contract value. The FPL Managed Income Fund is valued at estimated fair value based on the fair value of the underlying investments of the contracts, primarily debt securities, and the fair value of the wrapper contracts. Debt securities are valued at their most recent bid prices (sales prices if their principal market is an exchange) in the principal market in which such securities are traded, as determined by recognized dealers in such securities, or are valued on the basis of information provided by a pricing service. Investments in wrapper contracts are fair valued using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, discount rate, and the duration of the underlying portfolio of securities. For 2007 and 2006, the fair value of the wrapper contracts was not material. The contracts are unallocated in nature and are fully benefit-responsive. Therefore, net assets available for benefits reflects the Plan's interest in the contract value of the FPL Managed Income Fund because the Plan's allocable share of the difference between fair value and contract value for this investment is presented as a separate adjustment in the statement of net assets available for benefits. Contract value represents cost plus contributions made under the contracts plus interest at the contract rates less withdrawals and administrative expenses. If the funds in the guaranteed investment contracts are needed for benefit payments prior to contract maturity, they may be withdrawn without penalty.

Participant loans are valued at their outstanding balances at year-end, which approximates fair value.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility, which could result in changes in the value of such securities. Due to the level of risk associated with certain types of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect Participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Purchases and sales of investment securities are recorded on the trade date. Gains or losses on sales of investment securities are determined using the average cost method of the securities. The carrying amounts of securities held in Participant accounts are adjusted daily; securities held in the Leveraged ESOP Account are adjusted daily. Unrealized appreciation or depreciation is recorded to recognize changes in market value.

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the Plan's net assets available for benefits as of December 31, 2006 as previously reported. (See Note 5.)

### **3. Leveraged Employee Stock Ownership Plan (Nonparticipant-Directed Unallocated)**

The Plan's Leveraged ESOP provisions correspond to the Plan's interest in the Leveraged ESOP Account of the Master Trust. The Leveraged ESOP Account of the Master Trust holds unallocated Company Stock that was purchased by the Master Trust on behalf of the Plan and the Non-Bargaining Plan and the associated Acquisition

Indebtedness. The Leveraged ESOP Account is allocated to each of the plans participating in the Master Trust for financial reporting purposes proportionately based on each plan's relative end-of-year net assets excluding the net assets of the Leveraged ESOP Account. The Plan's allocation of Company Stock held in the Leveraged ESOP Account, accrued interest receivable, Acquisition Indebtedness and interest payable have been reflected in the statements of net assets available for benefits, but the entire balance of the Leveraged ESOP Account reflects amounts which are not yet allocated to Participant accounts. Company Stock will be released from the Leveraged ESOP Account and allocated to accounts of Participants at the fair value of the shares on the date of the allocation in satisfaction of part or all of the Company's matching contribution requirement under the Plans as the Acquisition Indebtedness is repaid. The Acquisition Indebtedness will be repaid from dividends on the shares held by the Leveraged ESOP Account, as well as from cash contributions from FPL Group. The net effect of a change in the allocation percentage from year to year is reported as a reallocation of the Leveraged ESOP Account. The value of the shares allocated to accounts of Participants under the Plan is not affected by these allocations.

Condensed financial information for the Leveraged ESOP Account is presented below, indicating the approximate allocations made to each plan. The net asset information below has been allocated to the Plan but not to the Plan Participants. The effect of 2007 Leveraged ESOP activity on net assets has been allocated to the Plan but not to the Plan Participants and is included in the financial statements of each plan.

	December 31, 2007		
	Total Leveraged ESOP Account	Non- Bargaining Plan	Plan
Allocation percentage	100%	71.86%	28.14%
Accrued interest receivable	\$ 1,757	\$ 1,263	\$ 494
Company Stock	533,331,403	383,238,613	150,092,790
Total assets	<u>533,333,160</u>	<u>383,239,876</u>	<u>150,093,284</u>
Interest payable	615,314	442,149	173,165
Acquisition Indebtedness	<u>190,499,540</u>	<u>136,888,207</u>	<u>53,611,333</u>
Total liabilities	<u>191,114,854</u>	<u>137,330,356</u>	<u>53,784,498</u>
Net assets at December 31, 2007	<u>\$ 342,218,306</u>	<u>\$ 245,909,520</u>	<u>\$ 96,308,786</u>

	December 31, 2006		
	Total Leveraged ESOP Account	Non- Bargaining Plan	Plan
Allocation percentage	100%	71.42%	28.58%
Accrued interest receivable	\$ 3,617	\$ 2,583	\$ 1,034

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Company Stock	470,337,258	335,925,217	134,412,041
Total assets	<u>470,340,875</u>	<u>335,927,800</u>	<u>134,413,075</u>
Interest payable	673,441	480,986	192,455
Acquisition Indebtedness	<u>208,495,600</u>	<u>148,912,144</u>	<u>59,583,456</u>
Total liabilities	<u>209,169,041</u>	<u>149,393,130</u>	<u>59,775,911</u>
Net assets at December 31, 2006	<u>\$ 261,171,834</u>	<u>\$ 186,534,670</u>	<u>\$ 74,637,164</u>

Year Ended December 31, 2007

	<u>Total Leveraged ESOP Account</u>	<u>Non-Bargaining Plan</u>	<u>Plan</u>
Contributions received from employer	\$ 10,755,081	\$ 7,728,332	\$ 3,026,749
Interest income	11,488	8,255	3,233
Dividends	13,531,354	9,723,293	3,808,061
Net appreciation in fair value of Company Stock	110,709,590	79,553,144	31,156,446
Total	<u>135,007,513</u>	<u>97,013,024</u>	<u>37,994,489</u>
Interest expense	<u>19,079,806</u>	<u>13,710,272</u>	<u>5,369,534</u>
Net income	115,927,707	83,302,752	32,624,955
Allocation of shares to plans	(34,881,235 )	(25,765,420 )	(9,115,815 )
Reallocation of Leveraged ESOP	<u>-</u>	<u>1,837,518</u>	<u>(1,837,518 )</u>
Effect of current year Leveraged ESOP activity on net assets	81,046,472	59,374,850	21,671,622
Net assets at December 31, 2006	<u>261,171,834</u>	<u>186,534,670</u>	<u>74,637,164</u>
Net assets at December 31, 2007	<u>\$ 342,218,306</u>	<u>\$ 245,909,520</u>	<u>\$ 96,308,786</u>

Acquisition Indebtedness

In December 1990, the Master Trust, which holds plan assets for the Plan and the Non-Bargaining Plan, borrowed \$360 million from FPL Group Capital to purchase approximately 24.8 million shares of Company Stock. The Acquisition Indebtedness is currently scheduled to mature in 2017, bears interest at a fixed rate of 9.69% per annum and is to be repaid using dividends received on both Company Stock held by the Leveraged ESOP Account and ESOP shares allocated to accounts of participants under the plans, together with cash contributions from FPL Group. For those dividends on shares allocated to participant accounts used to repay the loan, additional shares equal in value to those dividends will be allocated to accounts of participants under the plans. In 2007, dividends received from both

shares held by the Leveraged ESOP Account and shares allocated to accounts of participants under the plans totaled \$13,531,354 and \$12,834,209, respectively. Cash contributed in 2007 by FPL Group for the debt service shortfall totaled \$10,755,081

The unallocated shares of Company Stock acquired with the proceeds of the Acquisition Indebtedness are collateral for the Acquisition Indebtedness. As debt payments are made, a percentage of Company Stock is released from collateral and becomes available to satisfy Company matching contributions, as well as to replace dividends on ESOP shares allocated to participant accounts under the plans used to repay the Acquisition Indebtedness. The Company typically makes optional prepayments of the Acquisition Indebtedness when the number of shares required to provide Company matching contributions and to restore dividends on allocated Leveraged ESOP shares used to repay the Acquisition Indebtedness exceeds the shares released from collateral resulting from scheduled debt payments. In 2007, the lender and the Company executed an agreement which permitted the release of Leveraged ESOP shares prior to the receipt of certain optional debt prepayments, provided that the aggregate amount due was paid in January 2008. Such aggregate amount totaled \$388,770 and was paid in February 2008. During 2007, 774,160 shares of Company Stock were released from collateral for the Acquisition Indebtedness.

Scheduled Principal Repayment by the Master Trust of Acquisition Indebtedness prior to any adjustments for prepayments:

<u>Year</u>	<u>Repayment Amount</u>
2008	\$ 11,130,500
2009	\$ 12,725,500
2010	\$ 14,451,000
2011	\$ 16,333,000
2012	\$ 18,719,000
2013-2017	\$ 117,140,540

#### 4. Parties-In-Interest Transactions

Parties-in-interest are defined under Department of Labor (DOL) regulations as any fiduciary of the plan, any party rendering service to the plan, the employer, and certain others.

Dividend income earned by the Plan includes dividends on Company Stock. Dividends on shares held in the Leveraged ESOP Account and the FPL Group Stock LESOP Fund (see Note 6 - FPL Group Stock LESOP Fund) were used to repay the Acquisition Indebtedness. Certain dividends on shares held in Participants' accounts are reinvested in Company Stock for the benefit of its Participants pursuant to FPL Group's Dividend Reinvestment and Common Share Purchase Plan in which the Trustee participates.

At December 31, 2007 and 2006, the number of shares of Company Stock held in Participant accounts totaled 4,365,585 and 4,703,195, respectively, with a market value of \$295,899,321 and \$255,947,857 respectively. During 2007, dividends on shares of Company Stock held in Participants' accounts totaled \$7,179,812. During 2007, the Plan's proportionate share of dividends on shares of Company Stock held in the Leveraged ESOP Account totaled \$3,808,061.



Certain Plan investments are managed by an affiliate of the Trustee and, therefore, these transactions qualify as party-in-interest transactions.

## 5. Investments/Interest in Master Trust

All of the Plan's assets and liabilities are commingled with the assets of the Non-Bargaining Plan in the Master Trust.

The Plan's relative share of ownership of the total net assets of the Master Trust was approximately 26% at December 31, 2007. The Plan's relative share of ownership varies in each of the underlying investments of the Master Trust, excluding the Leveraged ESOP Account (see Note 3), based on participant's investment elections. Income from the Master Trust is allocated to the individual plans based on the each plan's interest in the underlying investments of the Master Trust.

The following table presents net assets available for benefits held in the Master Trust as of December 31, 2007, including fair value of investments held in the Master Trust, and the contract value adjustment, as applicable, pertaining to the synthetic guaranteed investment contracts held in the Master Trust.

	December 31, 2007
Investments at fair value	
Registered investment companies	\$ 1,079,394,426
Common collective trusts	215,178,109
Common stock	1,607,139,729
U.S. Treasury notes	69,947,904
Government agency notes	52,362,871
Asset backed securities	35,908,762
Mortgage backed securities	96,194,808
Corporate bonds	35,110,916
Participant loans	46,748,825
Total investments at fair value	3,237,986,350

Accrued interest receivable	<u>1,666,962</u>
Total assets	<u>3,239,653,312</u>
Liabilities	
Leveraged ESOP note payable	190,499,540
Interest payable - Leveraged ESOP	615,314
Other payables	<u>3,766,676</u>
Total liabilities	<u>194,881,530</u>
Net assets reflecting all investments at fair value	3,044,771,782
Adjustment from fair value to contract value for fully benefit responsive contracts	<u>(1,757,568 )</u>
Net assets available for benefits	<u>\$ 3,043,014,214</u>

Investment income for the Master Trust is as follows:

	<u>Year Ended December 31, 2007</u>
Investment income	
Net appreciation (depreciation) in fair value of investments:	
Registered investment companies	\$ (799,032 )
Common collective trusts	10,897,202
Common stocks	<u>312,872,052</u>
Total net appreciation	322,970,222
Interest and dividends	<u>128,646,010</u>
Total investment income	<u>\$ 451,616,232</u>

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The Plan's portion of interest in the total participant-directed assets of the Master Trust as of December 31, 2007 is as follows:

Assets:

Mutual Funds:

Brandywine Funds, Inc.	\$ 46,391,376
Fidelity Diversified International Fund	64,489,529
Fidelity Low-priced Stock Fund	12,983,605
Fidelity Real Estate Investment Portfolio	11,933,566
Fidelity Retirement Government Money Market Portfolio	21,432,446
Legg Mason Value Trust FI Class	20,713,253
PIMCO Total Return Fund Administrative Class	10,992,622
Royce Premier Fund Investor Class	27,336,163
T. Rowe Price Equity Income Fund	21,979,626
Vanguard Target Retirement 2005 Fund	4,269,573
Vanguard Target Retirement 2015 Fund	10,912,979
Vanguard Target Retirement 2025 Fund	5,667,463
Vanguard Target Retirement 2035 Fund	28,502,532
Vanguard Target Retirement 2045 Fund	3,890,838
Vanguard Target Retirement Income Fund	4,459,890
	<hr/>
Total mutual funds	295,955,461

Common Collective Trusts:

BGI Equity Index Fund V	28,675,477
BGI MSCI ACWI ex-US Index Fund V	9,078,556
BGI Russell 2000 Value Index Fund V	6,210,138
BGI US Debt Index Fund V	5,318,652
BGI US Equity Market Fund V	2,315,085
	<hr/>

Total common collective trusts 51,597,908

FPL Group Stock Fund	159,716,590
FPL Managed Income Fund	75,002,300
Large Growth Fund	20,579,973
Participant loans	17,776,380

Total assets, at fair value 

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\$ 620,628,612

The Plan's financial statements as of December 31, 2006, as previously reported, presented the net assets of the FPL Managed Income Fund, the FPL Group Stock Fund, the FPL Group Stock LESOP Fund, and the Leveraged ESOP Account Unallocated as part of the Master Trust. Note 6 and Note 3 disclose the underlying assets and liabilities of these Master Trust investment funds as of December 31, 2006. As previously reported, the Plan's financial statements as of December 31, 2006 presented the assets (registered investment companies, common collective trust funds, and the Pooled Funds of the Master Trust) attributed to the Plan's participants. As a result of investment reclassifications made in 2007, total investments of the Master Trust as of December 31, 2006, including those registered investment companies and common collective trust funds, would total \$2,705,099,182.

Additionally, the Plan's financial statements as of December 31, 2006, as previously reported, presented the following investments, attributed to the Plan's participants, representing greater than 5% of the Plan's net assets available for benefits.

Investments that represented five percent or more of the Plan's net assets available for benefits as of December 31, 2006 are as follows:

Fidelity Diversified International Fund	\$ 53,255,326
FPL Managed Income Fund	74,922,475
FPL Group Stock Fund	140,715,595
(1)	
FPL Group Stock LESOP Fund	117,054,098

(2)

- 
- (1) Includes short-term investments of \$841,762 to provide liquidity.
- (2) Represents Company matching contributions in Company Stock which are non participant-directed investments of the Plan. Includes short-term investments of \$1,040,446 to provide liquidity.

## 6. Pooled Funds of the Master Trust

Within the Master Trust are certain pooled funds in which the Plan and the Non-Bargaining Plan participate. These pooled funds include the Leveraged ESOP described in Note 3, as well as the FPL Managed Income Fund, the FPL Group Stock Fund, the FPL US Large Cap Growth Fund, and the FPL Group Stock LESOP Fund described below. The two participating plans hold undivided interests in the assets and liabilities of these pooled funds. The income and expenses of each pooled fund, other than the Leveraged ESOP, are allocated between the two participating plans in proportion to their participation percentages in each of the funds.

### FPL Managed Income Fund

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The value of the Plan's interest in the FPL Managed Income Fund included in the statements of net assets available for benefits represents approximately 25.1% of the net assets of that fund at December 31, 2007 and approximately 24.8% at December 31, 2006. The wrapper contracts held in the FPL Managed Income Fund are allocated to the Plan and the Non-Bargaining Plan based on each plan's proportionate share of participation in the FPL Managed Income Fund. The FPL Managed Income Fund's net assets available for benefits consisted of the following:

	December 31,	
	2007	2006
U.S. Treasury notes	\$ 69,947,904	\$ 64,374,964
Government agency notes	52,362,871	51,547,065
Asset backed securities	35,908,762	35,685,839
Mortgage backed securities	96,194,808	117,664,261
Corporate bonds	35,110,916	29,219,460
Wrapper contracts	-	-
Other receivables	359,221	448,459
Registered investment company	12,829,122	3,737,576
Total assets	<u>302,713,604</u>	<u>302,677,624</u>
Other payables	<u>3,185,666</u>	<u>1,071,604</u>
Net assets at fair value	<u>299,527,938</u>	<u>301,606,020</u>
Adjustment from fair value to contract value to fully benefit-responsive investment contracts	(1,757,568 )	5,228,384
Net assets at contract value	<u>\$ 297,770,370</u>	<u>\$ 306,834,404</u>

The net investment gain in the FPL Managed Income Fund for the year ended December 31, 2007, was comprised of interest income in the amount of \$12,659,577.

The FPL Managed Income Fund has entered into wrapper contracts with various insurance companies and financial institutions. The contracts are fully benefit-responsive and are included in the financial statements at fair value. There are no reserves against contract values (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) for credit risk of the contract issuer or otherwise. Withdrawals prompted by an employer-initiated event, such as withdrawals resulting from the sale of a division of the Company, a corporate layoff or the addition of Plan investment options, for example, may be paid at the contract's market value, which may be less than book value. Currently, management believes that the occurrence of an event that would cause the Plan to transact at less than contract value is not probable. A wrap issuer may terminate a wrapper contract at any time; however, if the market value is less than the contract value, the wrap issuer can either hold the contract until the market value and contract value are equal or make up the difference between the two. At December 31, 2007, the Plan's portion of the contract value and fair value of investment contracts were \$71,351,108 and \$71,787,688, respectively. At December 31, 2006, the Plan's portion of the contract value and fair value of investment contracts were \$75,289,252 and \$73,990,521, respectively. The average yield for the portfolio of investment contracts based on annualized earnings was 4.80% and 5.02% for 2007 and 2006, respectively. The average yield based on interest rate credited to participants at December 31, 2007 and 2006 was 4.34% and 4.14%, respectively. The crediting interest rate is based on an agreed-upon formula with the issuers, but cannot be less than zero.

**FPL Group Stock Fund**

The value of the Plan's interest in the FPL Group Stock Fund included in the statements of net assets available for benefits represents approximately 34.0% of the net assets of that fund at December 31, 2007 and approximately 34.1% at December 31, 2006. The FPL Group Stock Fund's net assets consisted of the following:

	December 31,	
	2007	2006
Assets		
Investments, at fair value:		
Company Stock	\$ 462,617,398	\$ 410,008,665
Registered investment company	4,092,927	2,466,340
Cash	2,605,870	-
Total investments	469,316,195	412,475,005
Receivables:		
Income	14,345	22,755
Other	106,060	-
Total receivables	120,405	22,755
Total assets	469,436,600	412,497,760
Other liabilities	38,051	131,003
Net assets	\$ 469,398,549	\$ 412,366,757

The net investment gain in the FPL Group Stock Fund for the year ended December 31, 2007, was comprised of interest and dividend income in the amount of \$10,710,999 and net realized and unrealized appreciation in the fair value of Company Stock in the amount of \$97,413,014

**FPL US Large Cap Growth Fund**

In 2007, the Plan added the FPL US Large Cap Growth Fund which is a separate account managed by T. Rowe Price. The value of the Plan's interest in the FPL US Large Cap Growth Fund included in the statement of net assets available for benefits represents approximately 23.8% of the net assets of that fund at December 31, 2007. The FPL US Large Cap Growth Fund's net assets consisted of the following:

	December 31, 2007
Assets	
Investments, at fair value:	

Explanation of Responses:

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Company Stock	\$ 83,572,294
Registered investment company	3,043,195
Total investments	<u>86,615,489</u>
Receivables:	
Income	68,166
Other	195,602
Total receivables	<u>263,768</u>
Total assets	<u>86,879,257</u>
Other liabilities	<u>430,946</u>
Net assets	<u>\$ 86,448,311</u>

The net investment loss in the FPL US Large Cap Growth Fund for the year ended December 31, 2007, was comprised of interest and dividend income in the amount of \$78,092 and net realized and unrealized loss in the fair value of common stock in the amount of \$841,518.

**FPL Group Stock LESOP Fund (Nonparticipant-Directed)**

The value of the Plan's interest in the FPL Group Stock LESOP Fund included in the statements of net assets available for benefits represents approximately 26.2% of the net assets of that fund at December 31, 2007 and approximately 26.5% at December 31, 2006. The FPL Group Stock LESOP Fund's net assets consisted of the following:

	December 31,	
	<u>2007</u>	<u>2006</u>
Assets		
Investments, at fair value:		
Company Stock at fair value based on		
quoted market price	\$ 527,618,634	\$ 437,262,033
Registered investment company	4,297,400	3,920,295
Total investments	<u>531,916,034</u>	<u>441,182,328</u>
Receivables:		
Income	19,024	15,514
Other	1,090,569	-
Total receivables	<u>1,109,593</u>	<u>15,514</u>
Total assets	<u>533,025,627</u>	<u>441,197,842</u>

Other liabilities	<u>111,391</u>	<u>102,917</u>
Net assets	<u>\$ 532,914,236</u>	<u>\$ 441,094,925</u>

The FPL Group Stock LESOP Fund's changes in net assets consisted of the following at December 31, 2007:

#### Additions

Allocation of Leveraged ESOP shares \$ 34,881,235

#### Earnings on investments:

Interest	226,962
Dividends	12,834,268
Net appreciation in fair value of Company Stock	<u>141,793,261</u>
Total earnings on investments	<u>154,854,491</u>
Total additions	189,735,726

#### Deductions

Benefits paid to participants or beneficiaries	29,238,967
Account maintenance fees	<u>48,690</u>
Total deductions	29,287,657

Net increase 160,448,069

#### Transfers

Transfers into the fund	14,910,922
Transfers out of the fund	<u>(83,539,680 )</u>
Net Transfers	(68,628,758 )

Net assets at December 31, 2006 441,094,925

Net assets at December 31, 2007 \$ 532,914,236

## 7. Income Taxes

In August 2001, FPL received from the Internal Revenue Service (IRS) a favorable determination that the Plan, as amended and restated effective December 1, 2000, met the requirements of Section 401 of the Code. The Plan has been amended and restated since receiving the determination letter and a new determination letter request will be filed prior to the expiration of the Plan's Remedial Amendment Period on January 31, 2010 under the IRS's new determination letter program. The Company and the Plan administrator believe that the Plan is currently designed and



operated in material compliance with the applicable requirements of the Internal Revenue Code and that the Plan and related Master Trust continue to be tax-exempt. The Master Trust established under the Plan will generally be exempt from federal income taxes under Section 501(a) of the Code; Company contributions paid to the Master Trust under the Plan will be allowable federal income tax deductions of the Company subject to the conditions and limitations of Section 404 of the Code; and the Plan meets the requirements of Section 401(k) of the Code allowing Pretax Contributions to be exempt from federal income tax at the time such contributions are made, provided that in operation the Plan and Master Trust meet the applicable provisions of the Code. In addition, FPL Group will be able to claim an income tax deduction for dividends used to repay the Acquisition Indebtedness and for dividends on Company Stock distributed directly to Participants. Participants are given the option to receive dividend distributions in cash in compliance with 2002 tax law changes; all dividends earned by Participants are deductible by FPL Group.

Company matching contributions to the Plan on a Participant's behalf, the Participant's Pretax Contributions, and the earnings thereon generally are not taxable to the Participant until such Company matching contributions, Pretax Contributions, and earnings thereon are distributed or withdrawn. A loan from a Participant's account generally will not represent a taxable distribution if the loan is repaid in a timely manner and does not exceed certain limitations.

#### 8. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits included in the financial statements to Form 5500:

	December 31,	
	2007	2006
Net assets available for benefits per the financial statements	\$ 856,380,869	\$ 773,057,670
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	436,580	(1,298,731 )
Net assets available for benefits per Form 5500	\$ 856,817,449	\$ 771,758,939

The following is a reconciliation of net change in net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2007
Net increase prior to transfer per the financial statements	\$ 86,942,701
Plus: Current year change in adjustment to fair value for investments in a fully benefit-responsive contract	436,580
Plus: Prior year change in adjustment to fair value for	1,298,731



Date: June 26, 2008

FPL Group Bargaining Unit  
Employee Retirement Savings  
Plan

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(Name of Plan)

By: ROBERT H. ESCOTO

Robert H. Escoto  
Chairman of the Employee Benefit Plans Administrative Committee

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
23(a)	Consent of Crowe Chizek and Company LLC
23(b)	Consent of Deloitte & Touche LLP