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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2012

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 001-34755

Limoneira Company
(Exact name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**77-0260692** **(I.R.S. Employer Identification No.)**
1141 Cummings Road, Santa Paula, CA **(Address of Principal Executive Offices)**	**93060** **(Zip Code)**

Registrant's telephone number, including area code: (805) 525-5541

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

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

As of May 31, 2012, there were 11,196,745 shares outstanding of the registrant's common stock.

LIMONEIRA COMPANY
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Cautionary Note on Forward-Looking Statements.

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements. Forward-looking statements in this 10-Q are subject to a number of risks and uncertainties, some of which are beyond the Company's control. The potential risks and uncertainties that could cause our actual financial condition, results of operations and future performance to differ materially from those expressed or implied include:

- *changes in laws, regulations, rules, quotas, tariffs and import laws;*
- *weather conditions, including freezes, that affect the production, transportation, storage, import and export of fresh produce;*
- *market responses to industry volume pressures;*
- *increased pressure from disease, insects and other pests;*
- *disruption of water supplies or changes in water allocations;*
- *product and raw materials supplies and pricing;*
- *energy supply and pricing;*
- *changes in interest and current exchange rates;*
- *availability of financing for land development activities;*
- *political changes and economic crises;*
- *international conflict;*
- *acts of terrorism;*
- *labor disruptions, strikes or work stoppages;*
- *loss of important intellectual property rights; and*
- *other factors disclosed in our public filings with the Securities and Exchange Commission.*

The Company's actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which the Company is not currently aware or which the Company currently deems immaterial could also cause the Company's actual results to differ, including those discussed in the section entitled "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended October 31, 2011. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

The terms the "Company," "we," "our" and "us" as used throughout this Quarterly Report on Form 10-Q refer to Limoneira Company and its consolidated subsidiaries, unless otherwise indicated.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Limoneira Company

Consolidated Balance Sheets (unaudited)

	April 30, 2012	October 31, 2011
Assets		
Current assets:		
Cash	$ 16,000	$ 21,000
Accounts receivable, net	7,062,000	2,410,000
Notes receivable – related parties	41,000	36,000
Notes receivable	-	350,000
Cultural costs	1,121,000	926,000
Prepaid expenses and other current assets	2,251,000	1,385,000
Income taxes receivable	2,119,000	1,324,000
Total current assets	12,610,000	6,452,000
Property, plant and equipment, net	50,024,000	49,187,000
Real estate development	74,418,000	72,623,000
Equity in investments	8,966,000	8,896,000
Investment in Calavo Growers, Inc.	19,072,000	15,009,000
Notes receivable – related parties	16,000	56,000
Notes receivable	2,412,000	2,123,000
Other assets	5,133,000	4,682,000
Total assets	$ 172,651,000	$ 159,028,000
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 3,408,000	$ 2,650,000
Growers payable	4,435,000	1,004,000
Accrued liabilities	2,809,000	2,399,000
Current portion of long-term debt	748,000	736,000
Total current liabilities	11,400,000	6,789,000
Long-term liabilities:		
Long-term debt, less current portion	89,972,000	82,135,000
Deferred income taxes	11,337,000	10,160,000
Other long-term liabilities	8,754,000	7,892,000
Total long-term liabilities	110,063,000	100,187,000
Commitments and contingencies		
Stockholders' equity:		
Series B Convertible Preferred Stock – $100.00 par value (50,000 shares authorized: 30,000 shares issued and outstanding at April 30, 2012 and October 31, 2011) (8.75% coupon rate)	3,000,000	3,000,000
Series A Junior Participating Preferred Stock – $.01 par value (50,000 shares authorized: 0 issued or outstanding at April 30, 2012 and October 31, 2011)	-	-
Common Stock – $.01 par value (19,900,000 shares authorized: 11,196,745 and 11,205,241 shares issued and outstanding at April 30, 2012 and October 31, 2011, respectively)	112,000	112,000
Additional paid-in capital	35,121,000	34,863,000
Retained earnings	12,078,000	14,980,000
Accumulated other comprehensive income (loss)	877,000	(903,000)
Total stockholders' equity	51,188,000	52,052,000
Total liabilities and stockholders' equity	$ 172,651,000	$ 159,028,000

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

Limoneira Company

Consolidated Statements of Operations (unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
Revenues:				
Agribusiness	$ 15,046,000	$ 11,463,000	$ 24,248,000	$ 16,338,000
Rental operations	1,006,000	996,000	1,997,000	1,966,000
Real estate development	44,000	51,000	88,000	107,000
Total revenues	16,096,000	12,510,000	26,333,000	18,411,000
Costs and expenses:				
Agribusiness	11,680,000	9,740,000	23,070,000	17,378,000
Rental operations	530,000	532,000	1,098,000	1,092,000
Real estate development	241,000	367,000	489,000	657,000
Impairments of real estate development assets	-	1,196,000	-	1,196,000
Selling, general and administrative	2,513,000	2,220,000	5,284,000	5,170,000
Total costs and expenses	14,964,000	14,055,000	29,941,000	25,493,000
Operating income (loss)	1,132,000	(1,545,000)	(3,608,000)	(7,082,000)
Other income (expense):				
Interest expense	(71,000)	(268,000)	(246,000)	(622,000)
Interest income from derivative instruments	196,000	38,000	355,000	515,000
Gain on sale of Rancho Refugio/Caldwell Ranch	-	1,351,000	-	1,351,000
Interest income	27,000	27,000	52,000	56,000
Other (expense) income, net	(137,000)	(34,000)	208,000	303,000
Total other income	15,000	1,114,000	369,000	1,603,000
Income before income tax (provision) benefit and equity in losses of investments	1,147,000	(431,000)	(3,239,000)	(5,479,000)
Income tax (provision) benefit	(385,000)	197,000	1,195,000	1,909,000
Equity in losses of investments	(25,000)	(30,000)	(28,000)	(21,000)
Net income (loss)	737,000	(264,000)	(2,072,000)	(3,591,000)
Preferred dividends	(65,000)	(65,000)	(131,000)	(131,000)
Net income (loss) applicable to common stock	$ 672,000	$ (329,000)	$ (2,203,000)	$ (3,722,000)
Basic net income (loss) per common share	$ 0.06	$ (0.03)	$ (0.20)	$ (0.33)
Diluted net income (loss) per common share	$ 0.06	$ (0.03)	$ (0.20)	$ (0.33)
Dividends per common share	$ 0.03	$ 0.03	$ 0.06	$ 0.06
Weighted-average common shares outstanding-basic	11,201,000	11,217,000	11,203,000	11,205,000
Weighted-average common shares outstanding-diluted	11,201,000	11,217,000	11,203,000	11,205,000

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

Limoneira Company

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2012	2011	2012	2011
Net income (loss)	$ 737,000	$ (264,000)	$ (2,072,000)	$ (3,591,000)
Other comprehensive income (loss), net of tax:				
Minimum pension liability adjustment	124,000	135,000	246,000	270,000
Unrealized holding gains (losses) on security available-for-sale	592,000	(833,000)	2,446,000	(362,000)
Unrealized gains (losses) from derivative instruments	71,000	81,000	(912,000)	174,000
Total other comprehensive income (loss), net of tax	787,000	(617,000)	1,780,000	82,000
Comprehensive income (loss)	$ 1,524,000	$ (881,000)	$ (292,000)	$ (3,509,000)

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

Limoneira Company
Consolidated Statements of Cash Flows (unaudited)

	Six months ended April 30, 2012	Six months ended April 30, 2011
Operating activities		
Net loss	$ (2,072,000)	$ (3,591,000)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,066,000	1,100,000
Gain on sale of Rancho Refugio/Caldwell Ranch	-	(1,351,000)
Impairments of real estate development assets	-	1,196,000
Loss on disposals/sales of assets	205,000	-
Stock compensation expense	451,000	503,000
Equity in losses of investments	28,000	21,000
Amortization of deferred financing costs	21,000	10,000
Non-cash interest income on derivative instruments	(355,000)	(515,000)
Accrued interest on notes receivable	(39,000)	(46,000)
Changes in operating assets and liabilities:		
Accounts and notes receivable	(4,693,000)	(2,400,000)
Cultural costs	(195,000)	509,000
Prepaid expenses and other current assets	(866,000)	(734,000)
Income taxes receivable	(795,000)	(1,159,000)
Other assets	(96,000)	(113,000)
Accounts payable and growers payable	3,872,000	1,858,000
Accrued liabilities	328,000	(461,000)
Other long-term liabilities	116,000	330,000
Net cash used in operating activities	(3,024,000)	(4,843,000)
Investing activities		
Capital expenditures	(3,774,000)	(3,157,000)
Acquisition of Rancho Refugio/Caldwell Ranch	-	(6,510,000)
Net proceeds from sale of Rancho Refugio/Caldwell Ranch	-	9,297,000
Cash distributions from equity investments	-	257,000
Equity investment contributions	(98,000)	(88,000)
Investments in mutual water companies and water rights	(15,000)	(128,000)
Other	(15,000)	19,000
Net cash used in investing activities	(3,902,000)	(310,000)
Financing activities		
Borrowings of long-term debt	18,695,000	17,156,000
Repayments of long-term debt	(10,846,000)	(11,381,000)
Dividends paid – Common	(700,000)	(700,000)
Dividends paid – Preferred	(131,000)	(131,000)
Repurchase of common stock	(6,000)	(42,000)
Payments of debt financing costs	(91,000)	-
Net cash provided by financing activities	6,921,000	4,902,000
Net decrease in cash	(5,000)	(251,000)
Cash at beginning of period	21,000	262,000
Cash at end of period	$ 16,000	$ 11,000

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

Limoneira Company

Consolidated Statements of Cash Flows (unaudited) (continued)

	Six months ended April 30,	
	2012	**2011**
Supplemental disclosures of cash flow information		
Cash paid during the period for interest	$ 1,770,000	$ 1,900,000
Cash paid during the period for income taxes, net of (refunds) received	$ (400,000)	$ (750,000)
Non-cash investing and financing transactions:		
Unrealized holding (gain) loss on investment in Calavo Growers, Inc.	$ (4,063,000)	$ 599,000
Capital expenditures accrued but not paid at period-end	$ 45,000	$ 117,000
Accrued interest on note receivable	$ 39,000	$ 46,000
Accrued investment contribution obligation in water company	$ 270,000	$ -

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

Limoneira Company

Consolidated Financial Statements (unaudited)

Preface

The preparation of the unaudited interim consolidated financial statements requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and certain financial statement disclosures. Actual results may differ from these estimates.

The unaudited interim consolidated financial statements for the three and six months ended April 30, 2012 and 2011 and balance sheet as of April 30, 2012 included herein have not been audited by an independent registered public accounting firm, but in management's opinion, all adjustments (consisting of normal recurring adjustments) necessary to make a fair statement of the financial position at April 30, 2012 and the results of operations and the cash flows for the periods presented herein have been made. The results of operations for the three and six months ended April 30, 2012 are not necessarily indicative of the operating results expected for the full fiscal year.

The consolidated balance sheet at October 31, 2011 included herein has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The unaudited interim consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Although we believe the disclosures made are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules or regulations. These unaudited interim consolidated financial statements should be read in conjunction with the October 31, 2011 consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended October 31, 2011.

Limoneira Company

Notes to Consolidated Financial Statements (unaudited)

1. Business

Limoneira Company, a Delaware Company (the "Company"), engages primarily in growing citrus and avocados, picking and hauling citrus and packing, marketing and selling lemons. The Company is also engaged in housing and other rental operations and real estate development activities.

The Company markets and sells lemons directly to foodservice, wholesale and retail customers throughout the United States, Canada, Asia and other international markets. The Company is a member of Sunkist Growers, Inc. ("Sunkist"), an agricultural marketing cooperative, and sells its oranges, specialty citrus and other crops to Sunkist-licensed and other third-party packinghouses.

The Company sells all of its avocado production to Calavo Growers, Inc. ("Calavo"), a packing and marketing company listed on NASDAQ under the symbol CVGW. Calavo's customers include many of the largest retail and foodservice companies in the United States and Canada. The Company's avocados are packed by Calavo, sold and distributed under Calavo brands to its customers primarily in the United States and Canada.

The unaudited interim consolidated financial statements include the accounts of the Company and the accounts of all the subsidiaries and investments in which a controlling interest is held by the Company. The unaudited interim consolidated financial statements represent the consolidated balance sheets, consolidated statements of operations, consolidated statements of comprehensive income (loss) and consolidated statements of cash flows of the Company and its wholly-owned subsidiaries. The Company's subsidiaries include: Limoneira Land Company, Limoneira Company International Division, LLC, Limoneira Mercantile, LLC, Windfall Investors, LLC and Templeton Santa Barbara, LLC. All significant intercompany balances and transactions have been eliminated in consolidation. The Company considers the criteria established under the Financial Accounting Standards Board – Accounting Standards Code ("FASB ASC") 810, *Consolidations,* and the effect of variable interest entities, in its consolidation process. These unaudited consolidated financial statements should be read in conjunction with the notes thereto included in this quarterly report.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

FASB ASU 2011-04, Fair Value Measurement (Topic 820).

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which amends ASC 820, *Fair Value Measurement*. The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. The guidance provided in ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company's adoption of these provisions in the second quarter of fiscal year 2012 did not have a material impact on the Company's financial statements.

Recent Accounting Pronouncements

FASB ASU 2011-05, Comprehensive Income (Topic 220).

In June 2011, the FASB issued guidance regarding the presentation of comprehensive income. The new standard requires the presentation of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The new standard also requires presentation of adjustments for items that are reclassified from other comprehensive income to net income in the statement where the components of net income and the components of other comprehensive income are presented. The updated guidance is effective on a retrospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011.

2. Summary of Significant Accounting Policies (continued)

In December 2011, the FASB issued ASU 2011-12, *Comprehensive Income (Topic 220),* to defer the effective date for those aspects of ASU 2011-05 relating to the presentation of reclassification adjustments out of accumulated other comprehensive income. The adoption of this standard will only impact the presentation of the Company's consolidated financial statements and will have no impact on the reported results of operations.

3. Fair Value Measurements

Under the FASB ASC 820, *Fair Value Measurement and Disclosures*, a fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

The following table sets forth the Company's financial assets and liabilities as of April 30, 2012, that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Available- for -sale securities	$ 19,072,000	$ –	$ –	$ 19,072,000
Liabilities at fair value:				
Derivatives	$ –	$ 3,512,000	$ –	$ 3,512,000

Available-for-sale securities consist of marketable securities in Calavo common stock. The Company currently owns approximately 4.5% of Calavo's outstanding common stock. These securities are measured at fair value by quoted market prices. Calavo's stock price at April 30, 2012 was $28.68 per share.

Derivatives consist of interest rate swaps, the fair values of which are estimated using industry-standard valuation models. Such models project future cash flows and discount the future amounts to a present value using market-based observable inputs. The fair value of the interest rate swaps is included in other long-term liabilities in the consolidated balance sheets.

4. Accounts Receivable

The Company grants credit in the course of its operations to customers, cooperatives, companies and lessees of the Company's facilities. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company provides allowances on its receivables, as required, based on accounts receivable aging and certain other factors. At April 30, 2012 and October 31, 2011, the allowances totaled $131,000 and $65,000, respectively.

The Company's primary concentrations of credit risk at April 30, 2012 consists of $892,000 due from a domestic exporter for lemons and $777,000 due from a third-party packinghouse for oranges and specialty citrus. In aggregate, sales to these two customers were 18% and 19% of total revenues in the three and six months ended April 30, 2012, respectively. The Company sells all of its avocado production to Calavo.

5. Real Estate Development Assets

Real estate development assets consist of the following:

	April 30, 2012	October 31, 2011
East Areas 1 and 2	$ 45,746,000	$ 44,431,000
Templeton Santa Barbara, LLC	9,831,000	9,325,000
Windfall Investors, LLC	18,841,000	18,867,000
	$ 74,418,000	$ 72,623,000

5. Real Estate Development Assets (continued)

East Areas 1 and 2

In fiscal year 2005, the Company began capitalizing the costs of two real estate development projects east of Santa Paula, California, for the development of 550 acres of land into residential units, commercial buildings and civic facilities. During the three months ended April 30, 2012 and 2011, the Company capitalized $606,000 and $1,323,000, respectively, of costs related to these projects. During the six months ended April 30, 2012 and 2011, the Company capitalized $1,315,000 and $1,998,000, respectively, of costs related to these projects. Additionally, in relation to these projects, the Company has incurred net expenses of $33,000 and $41,000 in the three months ended April 30, 2012 and 2011, respectively, and $39,000 and $56,000 in the six months ended April 30, 2012 and 2011, respectively.

Templeton Santa Barbara, LLC

The four real estate development parcels within the Templeton Santa Barbara, LLC project (the "Templeton Project") are described as Centennial Square ("Centennial"), The Terraces at Pacific Crest ("Pacific Crest"), Sevilla and East Ridge.

In February 2010, the Company and HM Manager, LLC formed a limited liability company, HM East Ridge, LLC ("East Ridge"), for the purpose of developing the East Ridge parcel. The Company's initial capital contribution into East Ridge was the land parcel with a net carrying value of $7,207,000. The Company made cash contributions of $44,000 to East Ridge during each of the three month periods ended April 30, 2012 and 2011 and $88,000 during each of the six month periods ended April 30, 2012 and 2011. Since the Company has significant influence over, but less than a controlling interest in, East Ridge, the Company is accounting for its investment in East Ridge using the equity method of accounting and the investment is included in equity in investments in the Company's consolidated balance sheets.

In December 2011, the Company resumed real estate development activities on Centennial, Pacific Crest and Sevilla after a period of being idle. During the three months ended April 30, 2012 and 2011, the Company capitalized $309,000 and zero, respectively, of costs related to these real estate parcels. During the six months ended April 30, 2012 and 2011, the Company capitalized $506,000 and zero, respectively, of costs related to these real estate parcels. Additionally, in relation to these parcels, the Company incurred expenses of $3,000 and $83,000 in the three months ended April 30, 2012 and 2011, respectively and $16,000 and $117,000 in the six months ended April 30, 2012 and 2011, respectively. The net carrying values of Centennial, Pacific Crest and Sevilla at April 30, 2012 were $2,608,000, $2,958,000 and $4,265,000, respectively, and at October 31, 2011 were $2,433,000, $2,800,000 and $4,092,000, respectively.

Windfall Investors, LLC

On November 15, 2009, the Company acquired Windfall Investors, LLC, which included $16,842,000 of real estate development assets. During the three months ended April 30, 2012 and 2011, the Company capitalized $167,000 and $245,000, respectively, of costs related to this real estate development project. During the six months ended April 30, 2012 and 2011, the Company capitalized $402,000 and $530,000, respectively, of costs related to this real estate development project. In March 2012, Windfall Investors, LLC received $428,000 of insurance proceeds for wind damage to roofs, reducing the capitalized costs of this project at April 30, 2012. Repairs commenced in May 2012. Additionally, in relation to this project, the Company has incurred net expenses of $164,000 and $195,000, in the three months ended April 30, 2012 and 2011, respectively, and $349,000 and $352,000 in the six months ended April 30, 2012 and 2011, respectively.

6. Investment in Calavo Growers, Inc.

In June 2005, the Company entered into a stock purchase agreement with Calavo. Pursuant to this agreement, the Company purchased 1,000,000 shares, or approximately 6.9%, of Calavo's common stock for $10,000,000 and Calavo purchased 172,857 shares, or approximately 15.1%, of the Company's common stock for $23,450,000. Under the terms of the agreement, the Company received net cash consideration of $13,450,000.

In fiscal year 2009, the Company sold 335,000 shares of Calavo stock for a total of $6,079,000, recognizing a gain of $2,729,000. The Company has classified its marketable securities investment as available-for-sale. Additionally, changes in the fair value of the available-for-sale securities result in unrealized holding gains or losses for the remaining shares held by the Company. The Company recorded unrealized holding gains (losses) of $984,000 ($592,000 net of tax) and ($1,383,000) (($833,000), net of tax), during the three months ended April 30, 2012 and 2011, respectively. The Company recorded unrealized holding gains (losses) of $4,063,000 ($2,446,000 net of tax) and ($599,000) (($362,000) net of tax), during the six months ended April 30, 2012 and 2011, respectively.

7. Notes Receivable

To finance tenant improvements in connection with the lease of a retail facility, the Company recorded a note receivable in May 2007 of $350,000. This note is unsecured and originally matured in May 2012. In April 2012, the borrower exercised an option to extend the note an additional five years.

In connection with the Company's stock grant program, the Company has recorded total notes receivable and accrued interest from certain related parties of $57,000 and $92,000 at April 30, 2012 and October 31, 2011, respectively.

8. Other Assets

Other assets consist of the following:

	April 30, 2012	October 31, 2011
Investments in mutual water companies	$ 1,765,000	$ 1,480,000
Acquired water and mineral rights	1,536,000	1,536,000
Definite-lived intangibles and other assets	1,474,000	1,293,000
Revolving funds and memberships	358,000	373,000
	$ 5,133,000	$ 4,682,000

9. Long-Term Debt

Long-term debt is comprised of the following:

	April 30, 2012	October 31, 2011
Rabobank revolving credit facility secured by property with a net book value of $12,260,000 at April 30, 2012 and October 31, 2011. The interest rate is variable based on the one-month London Interbank Offered Rate (LIBOR), which was 0.24% at April 30, 2012 plus 1.50%. Interest is payable monthly and the principal is due in full in June 2018.	$ 62,008,000	$ 53,802,000
Farm Credit West term loan secured by property with a net book value of $11,632,000 at April 30, 2012 and $11,638,000 at October 31, 2011. The interest rate is variable and was 3.25% at April 30, 2012. The loan is payable in quarterly installments through November 2022.	5,978,000	6,208,000
Farm Credit West term loan secured by property with a net book value of $11,632,000 at April 30, 2012 and $11,638,000 at October 31, 2011. The interest rate is variable and was 3.25% at April 30, 2012. The loan is payable in monthly installments through May 2032.	877,000	892,000
Farm Credit West non-revolving line of credit secured by property with a net book value of $3,852,000 at April 30, 2012 and $3,839,000 at October 31, 2011. The interest rate is variable and was 3.50% at April 30, 2012. Interest is payable monthly and the principal is due in full in May 2013 (replaced with new non-revolving line of credit maturing May 2018).	12,966,000	12,966,000
Farm Credit West term loan secured by property with a net book value of $18,841,000 at April 30, 2012 and $18,867,000 at October 31, 2011. The interest rate is fixed at 3.65% until November 2014, becoming variable for the remainder of the loan. The loan is payable in monthly installments through October 2035.	8,891,000	9,003,000
Subtotal	90,720,000	82,871,000
Less current portion	748,000	736,000
Total long-term debt, less current portion	$ 89,972,000	$ 82,135,000

In November 2011, the Company entered into a Second Amendment to Amended and Restated Line of Credit Agreement dated as of December 15, 2008, between the Company and Rabobank in order to (i) increase the revolving line of credit from $80,000,000 to the lesser of $100,000,000 or 60% of the appraised value of any real estate pledged as collateral, which was $87,000,000 at April 30, 2012, (ii) amend the interest rate such that the line of credit bears interest equal to LIBOR plus 1.80% effective July 1, 2013 and (iii) extend the maturity date from June 30, 2013 to June 30, 2018. The Company is subject to an annual financial covenant and certain other restrictions measured at its fiscal year end.

On May 1, 2012, the Company entered into a new non-revolving line of credit facility with Farm Credit West (the "New Loan Agreement"), replacing the existing non-revolving line of credit. The terms of the New Loan Agreement are substantially similar to the existing line of credit including a commitment of $13,000,000 and monthly interest only payments at a variable rate, which was 3.50% as of May 1, 2012. The New Loan Agreement extends the maturity date from May 2013 until May 2018, removes Windfall Farms, LLC as a borrower under the agreement and requires the Company remit to Farm Credit West special principal payments of a minimum of $175,000 per lot sold on the Windfall Investors, LLC real estate development project.

Interest is capitalized on non-bearing orchards, real estate development projects and significant construction in progress. The Company capitalized interest of $665,000 and $549,000 during the three months ended April 30, 2012 and 2011, respectively and $1,372,000 and $1,148,000 during the six months ended April 30, 2012 and 2011, respectively. Capitalized interest is included in property, plant and equipment and real estate development assets in the Company's consolidated balance sheets.

10. Derivative Instruments and Hedging Activities

The Company enters into interest rate swaps to minimize the risks and costs associated with its financing activities. Derivative financial instruments are as follows:

	Notional Amount		Fair Value Liability	
	April 30, 2012	October 31, 2011	April 30, 2012	October 31, 2011
Pay fixed-rate, receive floating-rate interest rate swap, maturing June 2013	$ 42,000,000	$ 42,000,000	$ 1,727,000	$ 2,352,000
Pay fixed-rate, receive floating-rate forward interest rate swap, beginning July 2013 until June 2018	$ 40,000,000	$ -	$ 1,785,000	$ -

In April 2010, the Company cancelled two interest rate swaps with notional amounts of $10,000,000 each and amended the remaining interest rate swap from a notional amount of $22,000,000 to a notional amount of $42,000,000. This remaining interest rate swap was also amended to a pay-fixed rate of 3.63%, which is 62 basis points lower than the original pay-fixed rate. The receive floating-rate and maturity date of the amended interest rate swap remain unchanged. The Company did not incur any out-of-pocket fees related to the cancellation or amendment of these interest rate swaps.

These interest rate swaps previously qualified as cash flow hedges and were accounted for as hedges under the short-cut method. On the amendment date of the swap agreements, the fair value liability and the related accumulated other comprehensive loss balance was $2,015,000. The accumulated other comprehensive loss balance is being amortized and included in interest income from derivative instruments over the remaining period of the original swap agreements. Amortization for each of the three month periods ended April 30, 2012 and 2011 was $135,000. Amortization for the six month periods ended April 30, 2012 and 2011 was $270,000 and $289,000, respectively. The remaining accumulated other comprehensive loss balance is $632,000, net of amortization of $1,383,000 at April 30, 2012.

As a result of the re-negotiated terms of the derivatives above, the remaining interest rate swap with a notional amount of $42,000,000 no longer qualified for hedge accounting as of April 30, 2010. Therefore, mark to market adjustments to the underlying fair value liability are being recorded in interest income (expense) from derivative instruments and the liability balance continues to be recorded in other long-term liabilities in the Company's consolidated balance sheets. The mark to market adjustments recognized by the Company during the three month periods ended April 30, 2012 and 2011 resulted in non-cash interest income of $331,000 and $173,000, respectively. The mark to market adjustments recognized by the Company during the six month periods ended April 30, 2012 and 2011 resulted in non-cash interest income of $625,000 and $804,000, respectively.

In November 2011, the Company entered into a forward interest rate swap agreement with Rabobank International, Utrecht to fix the interest rate at 4.30% on $40,000,000 of its outstanding borrowings under the Rabobank line of credit beginning July 2013 until June 2018. This interest rate swap qualifies as a cash flow hedge and is accounted for as a hedge under the short-cut method. Therefore, the fair value adjustments to the underlying debt are deferred and included in accumulated other comprehensive income (loss) and the liability is being recorded in other long-term liabilities in the Company's consolidated balance sheet at April 30, 2012.

11. Basic and Diluted Net Income per Share

Basic net income per common share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock-based compensation. Diluted net income per common share is calculated using the weighted-average number of common shares outstanding plus the dilutive effect of stock-based compensation calculated using the treasury stock method. Diluted weighted-average shares were zero for each of the three month periods ended April 30, 2012 and 2011 and zero for each of the six month periods ended April 30, 2012 and 2011, respectively. The Series B convertible preferred shares are anti-dilutive.

12. Related-Party Transactions

The Company rents certain of its residential housing assets to employees on a month-to-month basis. The Company recorded $144,000 and $141,000 of rental income from employees in the three months ended April 30, 2012 and 2011, respectively. The Company recorded $266,000 and $262,000 of rental income from employees in the six months ended April 30, 2012 and 2011, respectively. There were no rental payments due from employees at April 30, 2012 and October 31, 2011.

The Company has representation on the boards of directors of the mutual water companies in which the Company has investments. The Company recorded capital contributions and purchased water and water delivery services from such mutual water companies, in aggregate, of $127,000 and $84,000 in the three months ended April 30, 2012 and 2011, respectively. The Company recorded capital contributions and purchased water and water delivery services from such mutual water companies, in aggregate, of $657,000 and $400,000 in the six months ended April 30, 2012 and 2011, respectively. Such amounts are included in agribusiness expense in the Company's consolidated statements of operations. Payments due to the mutual water companies were, in aggregate, $307,000 and $25,000 at April 30, 2012 and October 31, 2011, respectively.

The Company has a presence on the board of directors of a non-profit cooperative association that provides pest control services for the agricultural industry. The Company purchased services and supplies of $53,000 and $114,000 from the association in the three months ended April 30, 2012 and 2011, respectively. The Company purchased services and supplies of $486,000 and $477,000 from the association in the six months ended April 30, 2012 and 2011, respectively. Such amounts are included in agribusiness expense in the Company's consolidated statements of operations. Payments due to the association were zero and $37,000 at April 30, 2012 and October 31, 2011, respectively.

The Company recorded dividend income of $366,000 in each of the six month periods ended April 30, 2012 and 2011, respectively, on its investment in Calavo, which is included in other income (expense), net in the Company's consolidated statements of operations. The Company had $601,000 and $369,000 of avocado sales to Calavo for the three months ended April 30, 2012 and 2011, respectively. The Company had $725,000 and $375,000 of avocado sales to Calavo for the six months ended April 30, 2012 and 2011, respectively. Such amounts are included in agribusiness revenues in the Company's consolidated statements of operations. Additionally, the Company leases office space to Calavo and received rental income of $66,000 and $62,000 in the three months ended April 30, 2012 and 2011, respectively. The Company received rental income from Calavo of $131,000 and $122,000 in the six months ended April 30, 2012 and 2011, respectively. Such amounts are included in rental revenues in the Company's consolidated statements of operations.

Certain members of the Company's Board of Directors market lemons through the Company pursuant to its customary marketing agreements. During the three months ended April 30, 2012 and 2011, the aggregate amount of lemons procured from entities owned or controlled by members of the Board of Directors was $388,000 and $307,000, respectively, During the six months ended April 30, 2012 and 2011, the aggregate amount was $473,000 and $341,000, respectively. Such amounts are included in agribusiness expense in the accompanying consolidated statements of operations. Payments due to these Board members were $266,000 and $125,000 at April 30, 2012 and October 31, 2011, respectively.

13. Income Taxes

The Company's projected annual effective tax rate for fiscal year 2012 is approximately 34.0%. As such, a 34.3% effective tax rate, after certain discrete items, was utilized by the Company for the second quarter of fiscal year 2012 to calculate its income tax provision.

There has been no material change to the Company's uncertain tax position for the three and six month periods ended April 30, 2012. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. The Company has not accrued any interest and penalties associated with uncertain tax positions as of April 30, 2012 and October 31, 2011.

14. Retirement Plans

The Limoneira Company Retirement Plan (the "Plan") is a noncontributory, defined benefit, single employer pension plan, which provides retirement benefits for all eligible employees of the Company. Benefits paid by the Plan are calculated based on years of service, highest five-year average earnings, primary Social Security benefit and retirement age. Effective June 2004, the Company froze the Plan and no additional benefits accrued to participants subsequent to that date. The Plan is administered by City National Bank and Mercer Human Resource Consulting.

The Plan is funded consistent with the funding requirements of federal law and regulations. There were funding contributions of $159,000 and $121,000 during the three month periods ended April 30, 2012 and 2011, respectively, and $266,000 and $121,000 during the six month periods ended April 30, 2012 and 2011, respectively.

The net periodic pension costs for the Plan for the three months ended April 30 were as follows:

	2012	2011
Service cost	$ 37,000	$ 37,000
Interest cost	201,000	213,000
Expected return on plan assets	(248,000)	(248,000)
Recognized actuarial loss	205,000	224,000
Net periodic pension cost	$ 195,000	$ 226,000

The net periodic pension costs for the Plan for the six months ended April 30 were as follows:

	2012	2011
Service cost	$ 73,000	$ 74,000
Interest cost	402,000	425,000
Expected return on plan assets	(495,000)	(497,000)
Recognized actuarial loss	409,000	449,000
Net periodic pension cost	$ 389,000	$ 451,000

15. Other Long-term Liabilities

Other long-term liabilities consist of the following:

	April 30, 2012	October 31, 2011
Minimum pension liability	$ 5,188,000	$ 5,474,000
Fair value liability on derivatives	3,512,000	2,352,000
Other	54,000	66,000
	$ 8,754,000	$ 7,892,000

16. Stockholders' Equity

As of April 30, 2012, there are 7,810 shares of common stock issued to employees in connection with a discontinued stock option plan. Such shares are subject to repurchase by the Company and constitute a liability due to the repurchase obligation. Reductions of stock-based compensation of approximately $3,000 and $4,000 were recorded in the six months ended April 30, 2012 and 2011, respectively, to reflect the fair value of the repurchase obligation. In February 2012, the Company repurchased 7,500 shares for approximately $6,000 in accordance with this repurchase obligation. The repurchase obligation of $6,000 and $17,000 is included in other long-term liabilities in the Company's consolidated balance sheets at April 30, 2012 and October 31, 2011, respectively.

In January 2012, members of management exchanged 10,679 shares of common stock with a fair market value of $17.77 per share (at the date of the exchange) for the payment of payroll taxes associated with the vesting of shares under the Company's stock-based compensation programs. The Company recognized $137,000 and $101,000 of stock-based compensation to management during the three months ended April 30, 2012 and 2011, respectively. The Company recognized $273,000 and $327,000 of stock-based compensation to management during the six months ended April 30, 2012 and 2011, respectively.

In January 2012, 9,999 shares of common stock were granted to the Company's non-employee directors under the Company's stock-based compensation plans. The Company recognized zero stock-based compensation to non-employee directors during each of the three month periods ended April 30, 2012 and 2011. The Company recognized $180,000 of stock-based compensation to non-employee directors during each of the six month periods ended April 30, 2012 and 2011.

In February 2012, members of management exchanged 316 shares of common stock with a fair market value of $18.08 per share (at the date of the exchange) for the repayment of notes issued in relation to payroll taxes associated with the vesting of shares under the Company's stock-based compensation programs.

On May 22, 2012, the Company's board of directors authorized a donation of $100,000 of the Company's common stock to the Museum of Ventura County (the "Museum"), a California non-profit corporation. The shares will be issued on June 30, 2012 and the number of shares will be based on the stock price on that date. The donation is to be used by the Museum to establish and operate an agriculture museum in Santa Paula, California depicting the history of agriculture in Ventura County.

17. Segment Information

The Company operates in three reportable operating segments: agribusiness, rental operations and real estate development. The reportable operating segments of the Company are strategic business units with different products and services, distribution processes and customer bases. The agribusiness segment includes farming and citrus packing operations. The rental operations segment includes residential and commercial rental operations, leased land and organic recycling. The real estate development segment includes real estate development operations. The Company measures operating performance, including revenues and earnings, of its operating segments and allocates resources based on its evaluation. The Company does not allocate selling, general and administrative expense, other income (expense), interest expense and income tax expense, or specifically identify them to its operating segments.

Segment information for the three months ended April 30, 2012:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	$ 15,046,000	$ 1,006,000	$ 44,000	$ –	$ 16,096,000
Costs and expenses	11,294,000	437,000	228,000	2,459,000	14,418,000
Depreciation and amortization	386,000	93,000	13,000	54,000	546,000
Operating income (loss)	$ 3,366,000	$ 476,000	$ (197,000)	$ (2,513,000)	$ 1,132,000

Segment information for the three months ended April 30, 2011:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	$ 11,463,000	$ 996,000	$ 51,000	$ –	$ 12,510,000
Costs and expenses	9,378,000	440,000	346,000	2,163,000	12,327,000
Depreciation and amortization	362,000	92,000	21,000	57,000	532,000
Impairment charges	–	–	1,196,000	–	1,196,000
Operating income (loss)	$ 1,723,000	$ 464,000	$ (1,512,000)	$ (2,220,000)	$ (1,545,000)

The following table sets forth revenues by category, by segment for the three months ended:

	April 30, 2012	April 30, 2011
Lemons	$ 12,398,000	$ 8,817,000
Avocados	601,000	369,000
Navel and Valencia oranges	788,000	849,000
Specialty citrus and other crops	1,259,000	1,428,000
Agribusiness revenues	15,046,000	11,463,000
Rental operations	579,000	565,000
Leased land	380,000	386,000
Organic recycling and other	47,000	45,000
Rental operations revenues	1,006,000	996,000
Real estate development revenues	44,000	51,000
Total revenues	$ 16,096,000	$ 12,510,000

17. Segment Information (continued)

Segment information for the six months ended April 30, 2012:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	$ 24,248,000	$ 1,997,000	$ 88,000	$ –	$ 26,333,000
Costs and expenses	22,322,000	913,000	463,000	5,177,000	28,875,000
Depreciation and amortization	748,000	185,000	26,000	107,000	1,066,000
Operating income (loss)	$ 1,178,000	$ 899,000	$ (401,000)	$ (5,284,000)	$ (3,608,000)

Segment information for the six months ended April 30, 2011:

	Agribusiness	Rental Operations	Real Estate Development	Corporate and Other	Total
Revenues	$ 16,338,000	$ 1,966,000	$ 107,000	$ –	$ 18,411,000
Costs and expenses	16,618,000	911,000	614,000	5,054,000	23,197,000
Depreciation and amortization	760,000	181,000	43,000	116,000	1,100,000
Impairment of real estate assets	–	–	1,196,000	–	1,196,000
Operating (loss) income	$ (1,040,000)	$ 874,000	$ (1,746,000)	$ (5,170,000)	$ (7,082,000)

The following table sets forth revenues by category, by segment for the six months ended:

	April 30, 2012	April 30, 2011
Lemons	$ 20,165,000	$ 11,908,000
Avocados	725,000	375,000
Navel and Valencia oranges	1,288,000	1,793,000
Specialty citrus and other crops	2,070,000	2,262,000
Agribusiness revenues	24,248,000	16,338,000
Rental operations	1,138,000	1,115,000
Leased land	758,000	761,000
Organic recycling and other	101,000	90,000
Rental operations revenues	1,997,000	1,966,000
Real estate development revenues	88,000	107,000
Total revenues	$ 26,333,000	$ 18,411,000

18. Sheldon Ranches Operating Leases

In January 2012, the Company entered into a series of operating leases for approximately 1,000 acres of lemon, orange, specialty citrus and other crop orchards in Lindsay, California. Each of the leases is for a ten-year term and provides for four five-year renewal options with an aggregate base rent of approximately $500,000 per year. The leases also contain profit share arrangements with the lessors as additional rent on each of the properties and a provision for the potential purchase of the properties by Limoneira in the future. In accordance with the terms of the lease agreements, Limoneira will not share in the citrus crop revenue in its fiscal year ending October 31, 2012. The Company incurred $115,000 and $159,000 of net lease expense in the three and six month periods ended April 30, 2012, respectively.

19. Agriculture Property Acquisitions

In April 2012, the Company purchased land for use as a citrus orchard and also entered into a separate agreement to acquire an additional citrus orchard for purchase prices of $430,000 and $800,000, respectively, paid or to be paid in cash. The acquisitions are for 60 and 65 acres of agricultural property, respectively, and both properties are located in close proximity to the Company's existing orchards in Porterville, California. The acquired citrus orchard was accounted for as an asset purchase with substantially the entire purchase price allocated to land and included in property, plant and equipment on the Company's consolidated balance sheet at April 30, 2012. The second acquisition was in escrow at April 30, 2012.

20. Subsequent Events

The Company has evaluated events subsequent to April 30, 2012 to assess the need for potential recognition or disclosure in this Quarterly Report on Form 10-Q. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the unaudited consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Limoneira Company was incorporated in Delaware in 1990 as the successor to several businesses with operations in California since 1893. We are an agribusiness and real estate development company founded and based in Santa Paula, California, committed to responsibly using and managing our approximately 7,910 acres of land, water resources and other assets to maximize long-term shareholder value. Our current operations consist of fruit production and marketing, real estate development and capital investment activities.

We are one of California's oldest citrus growers. According to Sunkist Growers, Inc. ("Sunkist"), we are one of the largest growers of lemons in the United States and, according to the California Avocado Commission, the largest grower of avocados in the United States. In addition to growing lemons and avocados, we grow oranges and a variety of specialty citrus and other crops. We have agricultural plantings throughout Ventura and Tulare counties in California, which plantings consist of approximately 1,910 acres of lemons, 1,250 acres of avocados, 1,810 acres of oranges and 675 acres of specialty citrus and other crops. We also operate our own packinghouse in Santa Paula, California, where we process and pack lemons that we grow, as well as lemons grown by others.

Our water resources include water rights, usage rights to the water in aquifers under, and canals that run through, the land we own. Water for our farming operations is sourced from the existing water resources associated with our land, which includes rights to water in the adjudicated Santa Paula Basin (aquifer) and the un-adjudicated Fillmore and Paso Robles Basins (aquifers). We also use ground water and water from local water districts in Tulare County, which is in the San Joaquin Valley.

For more than 100 years, we have been making strategic investments in California agribusiness and real estate development. We currently have six active real estate development projects in California. Our real estate developments range from apartments to single-family homes and include approximately 200 completed units and another approximately 2,000 units in various stages of planning and development.

Business Segment Summary

We have three business segments: agribusiness, rental operations and real estate development. Our agribusiness segment currently generates the majority of our revenue from its farming and lemon packing operations; our rental operations segment generates revenue from our housing, organic recycling and commercial and leased land operations and our real estate development segment generates revenue from the sale of real estate development projects. Generally, we see the Company as a land and farming company that generates annual cash flows to support its progress into diversified real estate development activities. As real estate development projects are monetized, our agribusiness will then be able to expand more rapidly into new regions and markets.

Agribusiness

We are one of the largest growers of lemons and the largest grower of avocados in the United States and, as a result, our agribusiness segment is the largest of our three segments, representing approximately 88%, 87% and 89% of our fiscal year 2011, 2010 and 2009 consolidated revenues, respectively. Our Company markets and sells lemons directly to foodservice, wholesale and retail customers throughout the United States, Canada, Asia and other international markets. During the three months ended April 30, 2012, lemon sales were comprised of approximately 75% to U.S. and Canada-based customers and 25% to domestic exporters. During the six months ended April 30, 2012, lemon sales were comprised of approximately 73% to U.S. and Canada-based customers and 27% to domestic exporters. Our Company is a member of Sunkist, an agricultural marketing cooperative, and sells its specialty citrus to Sunkist-licensed and other third-party packinghouses.

Historically, our agricultural operations have been seasonal in nature with the least amount of our annual revenue being generated in our first quarter, increasing in the second quarter, peaking in the third quarter and declining in the fourth quarter. Cultural costs in our agribusiness segment tend to be higher in the first and second quarters and lower in the third and fourth quarters because of the timing of expensing cultural costs in the current year that were inventoried in the prior year. Our harvest costs generally increase in the second quarter and peak in the third quarter coinciding with the increasing production and revenue.

Fluctuations in price are a function of global supply and demand with weather conditions, such as unusually low or high temperatures, typically having the most dramatic effect on the amount of lemons supplied in any individual growing season. We believe we have a competitive advantage by operating our own lemon packing operation, even though a significant portion of the costs related to our lemon packing operations are fixed. As a result, cost per carton is a function of fruit throughput. While we regularly monitor our costs for redundancies and opportunities for cost reductions, we also supplement the number of lemons we pack in our packinghouse with additional lemons from third-party growers. Because the fresh utilization rate for our lemons, or the percentage of lemons we harvest and pack that go to the fresh market, is directly related to the quality of lemons we pack and, consequently, the price we receive per 40-pound box, we only pack lemons from third-party growers if we determine their lemons are of high quality.

Our avocado producing business is important to us yet nevertheless faces some constraints on growth as there is little additional land that can be cost-effectively acquired to support new avocado orchards in Southern California. Also, avocado production is cyclical as avocados typically bear fruit on a bi-annual basis with large crops in one year followed by smaller crops the next year. While our avocado production remains volatile, the profitability and cash flow realized from our avocados frequently offsets occasional losses in other crops we grow and helps to diversify our fruit production base.

In addition to growing lemons and avocados, we also grow oranges and specialty citrus and other crops, typically utilizing land not suitable for growing high quality lemons. We regularly monitor the demand for the fruit we grow in the ever-changing marketplace to identify trends. For instance, while per capita consumption of oranges in the United States has been decreasing since 2000 primarily as a result of consumers increasing their consumption of mandarin oranges and other specialty citrus, the international market demand for U.S. oranges has increased. As a result, we have focused our orange production on high quality late season Navel and Valencia oranges primarily for export to Japan, China and Korea, which are typically highly profitable niche markets. We produce our specialty citrus and other crops in response to consumer trends we identify and believe that we are a leader in the niche production and sale of certain of these high margin fruits. Because we carefully monitor the respective markets of specialty citrus and other crops, we believe that demand for the types and varieties of specialty citrus and other crops that we grow will continue to increase throughout the world.

Rental Operations

Our rental operations segment represented approximately 7% of our fiscal year 2011 and 2010 consolidated revenues and approximately 11% of our fiscal year 2009 consolidated revenues. Our rental housing units generate reliable cash flows which we use to partially fund the operations of all three of our business segments, and provide affordable housing to many of our employees, including our agribusiness employees, a unique employment benefit that helps us maintain a dependable, long-term employee base. In addition, our leased land business provides us with a typically profitable diversification. Revenue from our rental operations segment is generally level throughout the year.

Real Estate Development

Our real estate development segment represented 5% of our consolidated revenues in fiscal year 2011, 6% of our consolidated revenues in fiscal year 2010 and less than 1% of our consolidated revenues in fiscal year 2009. We recognize that long-term strategies are required for successful real estate development activities. We plan to redeploy any financial gains into other income producing real estate as well as additional agricultural properties.

Recent Developments

In January 2012, our Company entered into a series of operating leases for approximately 1,000 acres of lemon, orange, specialty citrus and other crop orchards in Lindsay, California. Each of the leases is for a ten-year term and provides for four five-year renewal options with an aggregate base rent of approximately $500,000 per year. The leases also contain profit share arrangements with the lessors as additional rent on each of the properties and a provision for the potential purchase of the properties by Limoneira in the future. In accordance with the terms of the lease agreements, Limoneira will not share in the citrus crop revenue in its fiscal year ended October 31, 2012. During the three and six months ended April 30, 2012, we incurred $115,000 and $159,000, respectively, of net lease expense related to these leases.

On March 26, 2012, we declared a $0.03125 per share dividend paid on April 16, 2012 in the aggregate amount of $350,000 to common shareholders of record on April 9, 2012.

In April 2012, we purchased land for use as a citrus orchard and also entered into a separate agreement to acquire an additional citrus orchard for purchase prices of $430,000 and $800,000, respectively, paid or to be paid in cash. The acquisitions are for 60 and 65 acres of agricultural property, respectively, and both properties are located in close proximity to our existing orchards in Porterville, California. The acquired citrus orchard was accounted for as an asset purchase with substantially the entire purchase price allocated to land and included in property, plant and equipment on our consolidated balance sheet at April 30, 2012. The second acquisition was in escrow at April 30, 2012.

Results of Operations

The following table shows the results of operations for the three and six months ended April 30:

	Quarter Ended April 30,		Six Months Ended April 30,	
	2012	2011	2012	2011
Revenues:				
Agribusiness	$ 15,046,000	$ 11,463,000	$ 24,248,000	$ 16,338,000
Rental operations	1,006,000	996,000	1,997,000	1,966,000
Real estate development	44,000	51,000	88,000	107,000
Total revenues	16,096,000	12,510,000	26,333,000	18,411,000
Costs and expenses:				
Agribusiness	11,680,000	9,740,000	23,070,000	17,378,000
Rental operations	530,000	532,000	1,098,000	1,092,000
Real estate development	241,000	367,000	489,000	657,000
Impairments of real estate development assets	-	1,196,000	-	1,196,000
Selling, general and administrative	2,513,000	2,220,000	5,284,000	5,170,000
Total costs and expenses	14,964,000	14,055,000	29,941,000	25,493,000
Operating income (loss):				
Agribusiness	3,366,000	1,723,000	1,178,000	(1,040,000)
Rental operations	476,000	464,000	899,000	874,000
Real estate development	(197,000)	(1,512,000)	(401,000)	(1,746,000)
Selling, general and administrative	(2,513,000)	(2,220,000)	(5,284,000)	(5,170,000)
Operating income (loss)	1,132,000	(1,545,000)	(3,608,000)	(7,082,000)
Other income (expense):				
Interest expense	(71,000)	(268,000)	(246,000)	(622,000)
Interest income from derivative instruments	196,000	38,000	355,000	515,000
Gain on sale of Rancho Refugio/Caldwell Ranch	-	1,351,000	-	1,351,000
Interest income and other	(110,000)	(7,000)	260,000	359,000
Total other income	15,000	1,114,000	369,000	1,603,000
Income tax (provision) benefit	(385,000)	197,000	1,195,000	1,909,000
Equity in losses of investments	(25,000)	(30,000)	(28,000)	(21,000)
Net income (loss)	$ 737,000	$ (264,000)	$ (2,072,000)	$ (3,591,000)

Non-GAAP Financial Measures

Due to significant depreciable assets associated with the nature of our operations and interest costs associated with our capital structure, management believes that earnings before interest, income taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA, which excludes impairments on real estate development assets, is an important measure to evaluate our results of operations between periods on a more comparable basis. Such measurements are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and should not be construed as an alternative to reported results determined in accordance with GAAP. The non-GAAP information provided is unique to our Company and may not be consistent with methodologies used by other companies. EBITDA and adjusted EBITDA are summarized and reconciled to net loss which management considers to be the most directly comparable financial measure calculated and presented in accordance with GAAP as follows:

	Quarter ended April 30,		Six Months Ended April 30,	
	2012	2011	2012	2011
Net income (loss)	$ 737,000	$ (264,000)	$ (2,072,000)	$ (3,591,000)
Total interest (income) expense, net	(152,000)	203,000	(161,000)	51,000
Income taxes	385,000	(197,000)	(1,195,000)	(1,909,000)
Depreciation and amortization	546,000	532,000	1,066,000	1,100,000
EBITDA	1,516,000	274,000	(2,362,000)	(4,349,000)
Impairments of real estate development assets	-	1,196,000	-	1,196,000
Adjusted EBITDA	$ 1,516,000	$ 1,470,000	$ (2,362,000)	$ (3,153,000)

Second Quarter Fiscal Year 2012 Compared to Second Quarter Fiscal Year 2011

Revenues

Total revenue for the second quarter of fiscal year 2012 was $16.1 million compared to $12.5 million for the second quarter of fiscal year 2011. The 29% increase of $3.6 million was primarily the result of increased agribusiness revenue, as detailed below:

	Agribusiness Revenues for the Quarters Ended April 30,			
	2012	2011	Change	
Lemons	$ 12,398,000	$ 8,817,000	$ 3,581,000	41%
Avocados	601,000	369,000	232,000	63%
Navel and Valencia oranges	788,000	849,000	(61,000)	(7%)
Specialty citrus and other crops	1,259,000	1,428,000	(169,000)	(12%)
Agribusiness revenues	$ 15,046,000	$ 11,463,000	$ 3,583,000	31%

- Lemons: The increase in the second quarter of fiscal year 2012 was primarily the result of increased volume of fresh lemons sold at higher prices. During the second quarters of fiscal years 2012 and 2011, fresh lemon sales were $11.1 million and $7.9 million, respectively, on 688,000 and 586,000 cartons of lemons sold at average per carton prices of $16.13 and $13.48, respectively. Additionally, lemon by-product and other lemon sales were $1.3 million in the second quarter of fiscal year 2012 compared to $0.9 million during the same period in fiscal year 2011. The higher average per carton prices in fiscal year 2012 compared to fiscal year 2011were primarily due to more favorable overall market conditions.

- Avocados: The increase in the second quarter of fiscal year 2012 was primarily the result of increased volume, partially offset by lower prices. The California avocado crop typically experiences alternating years of high and low production due to plant physiology. During the second quarter of fiscal year 2012, 0.6 million pounds of avocados were sold at an average per pound price of $1.00 compared to 0.3 million pounds sold at an average per pound price of $1.23 during the same period in fiscal year 2011.

- Specialty citrus and other crops: The decrease in the second quarter of fiscal year 2012 was primarily the result of decreased volume of specialty citrus sold at lower prices. During the second quarter of fiscal year 2012, 83,000 field boxes of specialty citrus were sold at an average per field box price of $15.17 compared to 91,000 field boxes sold at an average per field box price of $15.69 during the same period in fiscal year 2011.

Costs and Expenses

Our total costs and expenses in the second quarter of fiscal year 2012 were $15.0 million compared to $14.1 million in the second quarter of fiscal year 2011, for a 6% increase of $0.9 million. This increase was primarily attributable to increases in our agribusiness costs and selling, general and administrative expenses, offset by a decrease in impairments of real estate development assets. Costs associated with our agribusiness include packing costs, harvest costs, cultural costs, costs related to the lemons we process and sell for third-party growers and depreciation expense. These costs are discussed further below:

	Agribusiness Costs and Expenses for the Quarters Ended April 30,			
	2012	2011	Change	
Packing costs	$ 3,307,000	$ 2,805,000	$ 502,000	18%
Harvest costs	1,648,000	1,827,000	(179,000)	(10)%
Cultural costs	2,167,000	2,181,000	(14,000)	1%
Third-party grower costs	4,172,000	2,565,000	1,607,000	63%
Depreciation and amortization	386,000	362,000	24,000	7%
Agribusiness costs and expenses	$ 11,680,000	$ 9,740,000	$ 1,940,000	20%

- Packing costs: The increase in the second quarter of fiscal year 2012 was primarily attributable to a higher volume of fresh lemons packed and sold compared to the same period in fiscal year 2011.

- Harvest costs: The decrease in the second quarter of fiscal year 2012 was primarily attributable to lower Navel and Valencia orange and specialty citrus harvest volumes, partially offset by higher avocado harvest volume compared to the same period in fiscal year 2011.

- Third-party grower costs: The increase in the second quarter of fiscal year 2012 was primarily attributable to higher sales volumes of fresh lemons and a higher percentage of third-party grower lemons relative to the total volume of cartons sold, which directly relates to amounts expensed and paid to third-party growers.

Impairments of real estate development assets in the second quarter of fiscal year 2012 were zero compared to $1.2 million in the second quarter of fiscal year 2011. In the second quarter of fiscal year 2011, we recorded impairment charges on two of our real estate development projects: 6037 East Donna Circle, LLC, which was sold in May 2011, and Templeton Santa Barbara, LLC, which has not shown any further indicators of impairment.

Selling, general and administrative costs in the second quarter of fiscal year 2012 were $2.5 million compared to $2.2 million for the second quarter of fiscal year 2011. This 14% increase of $0.3 million is primarily due to a $0.1 million increase in selling expenses, a $0.1 million increase in incentive compensation and $0.1 million of net increases in other selling, general and administrative expenses.

Other Income/Expense

Other income/expense for the second quarter of fiscal year 2012 was $15,000 of income compared to $1.1 million of income for the second quarter of fiscal year 2011. The $1.1 million decrease in net other income is primarily due to the $1.4 million gain on the sale of Rancho Refugio/Caldwell Ranch during the second quarter of fiscal year 2011 partially offset by a decrease in interest expense in the second quarter of fiscal year 2012 as a result of a larger amount of capitalized interest related to our real estate development projects as well as an increase in interest income from derivative instruments in the second quarter of fiscal year 2012.

Income Taxes

We recorded an estimated income tax provision of $0.4 million in the second quarter of fiscal year 2012 on pre-tax earnings of $1.1 million compared to an estimated income tax benefit of $0.2 million on a pre-tax loss of $0.5 million in the second quarter of fiscal year 2011.

Our projected annual effective tax rate for fiscal year 2012 is 34.0% at April 30, 2012, resulting in a 34.3% effective tax rate, after certain discrete items, for the second quarter of fiscal year 2012. In comparison, our projected annual effective tax rate was 34.7% at April 30, 2011, resulting in a 42.7% effective tax rate, after certain discrete items, for the second quarter of fiscal year 2011.

Six Months Ended April 30, 2012 Compared to the Six Months Ended April 30, 2011

Revenues

Total revenue for the six months ended April 30, 2012 was $26.3 million compared to $18.4 million for the six months ended April 30, 2011. The 48% increase of $7.9 million was primarily the result of increased agribusiness revenues as detailed below:

	Agribusiness Revenues for the Six Months Ended April 30,			
	2012	2011	Change	
Lemons	$ 20,165,000	$ 11,908,000	$ 8,257,000	69%
Avocados	725,000	375,000	350,000	93%
Navel and Valencia oranges	1,288,000	1,793,000	(505,000)	(28)%
Specialty citrus and other crops	2,070,000	2,262,000	(192,000)	(8)%
Agribusiness revenues	$ 24,248,000	$ 16,338,000	$ 7,910,000	48%

- Lemons: The increase in the first six months of fiscal year 2012 was primarily the result of increased volume of fresh lemons sold at higher prices. During the first six months of fiscal years 2012 and 2011, fresh lemon sales were $18.3 million and $10.8 million , respectively, on 1,103,000 and 761,000 cartons of lemons sold at average per carton prices of $16.59 and $14.19, respectively. Additionally, lemon by-product and other lemon sales were $1.9 million in the first six months of fiscal year 2012 compared to $1.1 million during the same period in fiscal year 2011. The higher average per carton prices in fiscal year 2012 compared to fiscal year 2011 were primarily due to more favorable overall market conditions.

- Avocados: The increase in the first six months of fiscal year 2012 was primarily the result of increased volume, partially offset by lower prices. The California avocado crop typically experiences alternating years of high and low production due to plant physiology. During the first six months of fiscal year 2012, 0.8 million pounds of avocados were sold at an average per pound price of $0.91 per pound compared to 0.4 million pounds sold at an average per pound price of $1.00 during the same period in fiscal year 2011.

- Navel and Valencia oranges: The decrease in the first six months of fiscal year 2012 was primarily the result of decreased volume, partially offset by higher prices. During the first six months of fiscal year 2012, 154,000 field boxes of oranges were sold at an average per field box price of $8.36 compared to 242,000 field boxes sold at an average per field box price of $7.41 during the same period in fiscal year 2011.

Costs and Expenses

Total costs and expenses for the six months ended April 30, 2012 were $29.9 million compared to $25.5 million for the six months ended April 30, 2011, for a 17% increase of $4.4 million. Of this increase, $5.8 million was attributable to increases in our agribusiness costs and selling, general and administrative expenses, partially offset by a $1.2 million decrease in impairments of real estate development assets. Costs associated with our agribusiness include packing costs, harvest costs, cultural costs, costs related to the lemons we process for third-party growers and depreciation expense. These costs are discussed further below:

	Agribusiness Costs and Expenses for the Six Months Ended April 30,			
	2012	2011	Change	
Packing costs	$ 5,937,000	$ 4,574,000	$ 1,363,000	30%
Harvest costs	2,367,000	2,906,000	(539,000)	(19)%
Cultural costs	5,133,000	4,850,000	283,000	6%
Third-party grower costs	8,885,000	4,291,000	4,594,000	107%
Depreciation and amortization	748,000	757,000	(9,000)	(1)%
Agribusiness costs and expenses	$ 23,070,000	$ 17,378,000	$ 5,692,000	33%

- Packing costs: The increase in the first six months of fiscal year 2012 is primarily attributable to a higher volume of fresh lemons packed and sold compared to the same period in fiscal year 2011.

- Harvest costs: The decrease in the first six months of fiscal year 2012 is primarily attributable to lower Navel and Valencia orange harvest volumes partially offset by higher avocado harvest volume.
- Third-party grower costs: The increase in the first six months of fiscal year 2012 is primarily attributable to higher sales volumes of fresh lemons and a higher percentage of third-party growers relative to the total volume of fresh cartons sold, which directly relates to amounts expensed and paid to third-party growers.

Impairments of real estate development assets were zero in the six months ended April 30, 2012 compared to $1.2 million for the six months ended April 30, 2011. In the first six months of fiscal year 2011, we recorded impairment charges on two of our real estate development projects: 6037 East Donna Circle, LLC, which was sold in May 2011, and Templeton Santa Barbara, LLC, which has not shown any further indicators of impairment.

Selling, general and administrative expenses for the six months ended April 30, 2012 were $5.3 million compared to $5.2 million for the same period in fiscal year 2011. This 2% increase of $0.1 million was primarily attributable to a $0.1 million increase in selling expenses, a $0.1 million increase in consulting fees and a $0.1 million increase in incentive compensation. These increases were partially offset by a $0.1 million decrease in costs associated with obligations under the Securities Exchange Act of 1934 (the "Exchange Act") and $0.1 million of net decreases in other selling, general and administrative expenses.

Other Income/Expense

Other income (expense) for the six months ended April 30, 2012 was $0.4 million of income compared to $1.6 million of income for the same period in fiscal year 2011. The $1.2 million decrease in net other income is primarily due to the $1.4 million gain on the sale of Rancho Refugio/Caldwell Ranch and higher interest income from derivative instruments during the first six months of fiscal year 2011 partially offset by a decrease in interest expense in the first six months of fiscal year 2012 as a result of a larger amount of capitalized interest related to our real estate development projects.

Income Taxes

We recorded an estimated income tax benefit of $1.2 million in the six months ended April 30, 2012 on a pre-tax loss of $3.3 million compared to an estimated income tax benefit of $1.9 million on a pre-tax loss of $5.5 million in the six months ended April 30, 2011.

Our projected annual effective tax rate for fiscal year 2012 is 34.0% at April 30, 2012, resulting in a 36.6% effective tax rate, after certain discrete items, for the six months ended April 30, 2012. In comparison, our projected annual effective tax rate was 34.8% at April 30, 2011, resulting in a 34.7% effective tax rate, after certain discrete items, for the six months ended April 30, 2011.

Segment Results of Operations

We evaluate the performance of our agribusiness, rental operations and real estate development segments separately to monitor the different factors affecting financial results. Each segment is subject to review and evaluations for current market conditions, market opportunities and available resources. The following table shows the segment results of operations for the second quarter and six months ended April 30, 2012 and 2011:

	Quarter Ended April 30,				Six Months Ended April 30,			
	2012		2011		2012		2011	
Revenues:								
Agribusiness	$ 15,046,000	93%	$ 11,463,000	91%	$ 24,248,000	92%	$ 16,338,000	89%
Rental operations	1,006,000	6%	996,000	8%	1,997,000	7%	1,966,000	10%
Real estate development	44,000	1%	51,000	1%	88,000	1%	107,000	1%
Total revenues	16,096,000	100%	12,510,000	100%	26,333,000	100%	18,411,000	100%
Costs and expenses:								
Agribusiness	11,680,000	78%	9,740,000	69%	23,070,000	77%	17,378,000	68%
Rental operations	530,000	4%	532,000	4%	1,098,000	4%	1,092,000	5%
Real estate development	241,000	1%	1,563,000	11%	489,000	1%	1,853,000	7%
Corporate and other	2,513,000	17%	2,220,000	16%	5,284,000	18%	5,170,000	20%
Total costs and expenses	14,964,000	100%	14,055,000	100%	29,941,000	100%	25,493,000	100%
Operating income (loss):								
Agribusiness	3,366,000		1,723,000		1,178,000		(1,040,000)	
Rental operations	476,000		464,000		899,000		874,000	
Real estate development	(197,000)		(1,512,000)		(401,000)		(1,746,000)	
Corporate and other	(2,513,000)		(2,220,000)		(5,284,000)		(5,170,000)	
Total operating income (loss)	$ 1,132,000		$ (1,545,000)		$ (3,608,000)		$ (7,082,000)	

Second Quarter of Fiscal Year 2012 Compared to the Second Quarter of Fiscal Year 2011

The following analysis should be read in conjunction with the previous section "Results of Operations".

Agribusiness

For the second quarter of fiscal year 2012, our agribusiness segment revenue was $15.0 million compared to $11.5 million for the second quarter of fiscal year 2011. The 30% increase of $3.5 million primarily reflected higher lemon revenue for the fiscal year 2012 second quarter compared to the fiscal year 2011 second quarter. The increase in agribusiness revenue consists of the following:

- Lemon revenue for the second quarter of fiscal year 2012 was $3.6 million higher than the second quarter of fiscal year 2011.
- Avocado revenue for the second quarter of fiscal year 2012 was $0.2 million higher than the second quarter of fiscal year 2011.
- Navel and Valencia orange revenues for the second quarter of fiscal year 2012 were $0.1 million lower than the second quarter of fiscal year 2011.
- Specialty citrus and other crop revenues for the second quarter of fiscal year 2012 were $0.2 million lower than the second quarter of fiscal year 2011.

Costs associated with our agribusiness segment include packing costs, harvest costs, cultural costs, costs related to the lemons we process and sell for third-party growers and depreciation expense. For the second quarter of fiscal year 2012, our agribusiness costs were $11.7 million compared to $9.7 million for the second quarter of fiscal year 2011. The 20% increase of $1.9 million primarily consists of the following:

- Packing costs for the second quarter of fiscal year 2012 were $0.5 million higher than the second quarter of fiscal year 2011.
- Harvest costs for the second quarter of fiscal year 2012 were $0.2 million lower than the second quarter of fiscal year 2011.
- Cultural costs for the second quarter of fiscal year 2012 were $16,000 lower than the second quarter of fiscal year 2011.
- Third-party grower costs for the second quarter of fiscal year 2012 were $1.6 million higher than the second quarter of fiscal year 2011.
- Depreciation expense was similar quarter to quarter at approximately $0.4 million.

Rental Operations

Our rental operations segment had revenues of $1.0 million in the second quarters of fiscal years 2012 and 2011. All three areas of this segment (residential and commercial rental operations, leased land and organic recycling) were similar quarter to quarter.

Expenses in our rental operations segment were approximately $0.4 million in the second quarters of fiscal years 2012 and 2011. Depreciation expense was similar quarter to quarter at approximately $0.1 million.

Real Estate Development

Our real estate development segment revenues had no significant revenues in the second quarters of fiscal years 2012 and 2011.

Real estate development costs and expenses in the second quarter of fiscal year 2012 were $1.4 million lower than the second quarter of fiscal year 2011.

Corporate and Other

Corporate costs and expenses include selling, general and administrative costs and other costs not allocated to the operating segments. Corporate and other costs for the second quarter of fiscal year 2012 were $0.3 million higher than the second quarter of fiscal year 2011. Depreciation expense was similar quarter to quarter at approximately $50,000.

Six Months Ended April 30, 2012 Compared to the Six Months Ended April 30, 2011

The following analysis should be read in conjunction with the previous section "Results of Operations".

Agribusiness

For the six months ended April 30, 2012, our agribusiness segment revenue was $24.2 million compared to $16.3 million for the six months ended April 30, 2011. The 48% increase of $7.9 million primarily reflected higher lemon revenue for the fiscal year 2012 period compared to the fiscal year 2011 period. The increase in agribusiness revenue primarily consists of the following:

- Lemon revenue for the six months ended April 30, 2012 was $8.3 million higher than the six months ended April 30, 2011.
- Avocado revenue for the six months ended April 30, 2012 was $0.3 million higher than the six months ended April 30, 2011.
- Navel and Valencia orange revenues for the six months ended April 30, 2012 were $0.5 million lower than the six months ended April 30, 2011.
- Specialty citrus and other crop revenues for the six months ended April 30, 2012 were $0.2 million lower than the six months ended April 30, 2011.

Costs associated with our agribusiness segment include packing costs, harvest costs, cultural costs, costs related to the lemons we process and sell for third-party growers and depreciation expense. For the six months ended April 30, 2012, our agribusiness costs and expenses were $23.1 million compared to $17.4 million for the six months ended April 30, 2011. The 33% increase of $5.7 million primarily consists of the following:

- Packing costs for the six months ended April 30, 2012 were $1.3 million higher than the six months ended April 30, 2011.
- Harvest costs for the six months ended April 30, 2012 were $0.5 million lower than the six months ended April 30, 2011.
- Cultural costs for the six months ended April 30, 2012 were $0.3 million higher than the six months ended April 30, 2011.
- Third-party grower costs for the six months ended April 30, 2012 were $4.6 million higher than the six months ended April 30, 2011.
- Depreciation expense was similar period to period at approximately $0.8 million.

Rental Operations

Our rental operations segment had revenues of approximately $2.0 million in the six months ended April 30, 2012 and 2011. All three areas of this segment (residential and commercial rental operations, leased land and organic recycling) were similar period to period.

Expenses in our rental operations segment were similar period to period at approximately $0.9 million. Depreciation expense was similar period to period at approximately $0.2 million.

Real Estate Development

Our real estate development segment had revenues of approximately $0.1 million in the six month periods ended April 30, 2012 and 2011.

Real estate development costs and expenses for the six months ended April 30, 2012 were $1.4 million lower than the six months ended April 30, 2011.

Corporate and Other

Corporate costs and expenses include selling, general and administrative costs and other costs not allocated to the operating segments. Corporate and other costs for the six months ended April 30, 2012 were $0.1 million higher than the six months ended April 30, 2011. Depreciation expense was similar period to period at approximately $0.1 million.

Seasonal Operations

Historically, our agricultural operations have been seasonal in nature with the least amount of our annual revenue being generated in our first quarter, increasing in the second quarter, peaking in the third quarter and declining in the fourth quarter. Cultural costs in our agribusiness tend to be higher in the first and second quarters and lower in the third and fourth quarters because of the timing of expensing cultural costs in the current year that were inventoried in the prior year. Our harvest costs generally increase in the second quarter and peak in the third quarter coinciding with increasing production and revenue. Due to this seasonality and to avoid the inference that interim results are indicative of the estimated results for a full fiscal year, we present supplemental information for 12-month periods ended at the interim date for the current and preceding years.

The following table shows the unaudited results of operations for the trailing twelve months:

	Twelve months ended April 30, 2012	Twelve months ended April 30, 2011
Revenues:		
Agribusiness	$ 53,995,000	$ 45,898,000
Rental operations	3,979,000	4,025,000
Real estate development	2,443,000	3,201,000
Total revenues	60,417,000	53,124,000
Costs and expenses:		
Agribusiness	40,872,000	32,952,000
Rental operations	2,236,000	2,174,000
Real estate development	3,383,000	4,350,000
Impairments of real estate development assets	-	3,618,000
Selling, general and administrative	9,442,000	10,233,000
Total costs and expenses	55,933,000	53,327,000
Operating income (loss)	4,484,000	(203,000)
Other income (expense):		
Interest expense	(884,000)	(1,435,000)
Interest income (expense) from derivative instruments	377,000	(908,000)
Gain on sale of Rancho Refugio/Caldwell Ranch	-	1,351,000
Interest income and other	487,000	351,000
Total other expense	(20,000)	(641,000)
Net income (loss) before income taxes and equity in earnings of investments	4,464,000	(844,000)
Income tax (provision) benefit	(1,421,000)	320,000
Equity in earnings of investments	74,000	276,000
Net income (loss)	$ 3,117,000	$ (248,000)

Liquidity and Capital Resources

Overview

Our liquidity and capital position fluctuates during the year depending on seasonal production cycles, weather events and demand for our products. Typically, our first and last fiscal quarters coincide with the fall and winter months during which we are growing crops that are harvested and sold in the spring and summer, our second and third quarters. To meet working capital demand and investment requirements of our agribusiness and real estate development segments and to supplement operating cash flows, we utilize our revolving credit facility to fund agricultural inputs and farm management practices until sufficient returns from crops allow us to repay amounts borrowed. Raw materials needed to propagate the various crops grown by us consist primarily of fertilizer, herbicides, insecticides, fuel and water and are readily available from local sources.

Cash Flows from Operating Activities

For the six months ended April 30, 2012 and 2011, net cash used in operating activities was $3.0 million and $4.8 million, respectively. The significant components of our Company's cash flows used in operating activities as included in the unaudited consolidated statements of cash flows are as follows:

- Net loss for the first six months of fiscal year 2012 was $2.1 million compared to $3.6 million for the first six months of fiscal year 2011. The decrease of $1.5 million in the first six months of fiscal year 2012 compared to the same period in fiscal year 2011 was primarily attributable to an increase in operating income of $3.5 million partially offset by a decrease in other income of $1.2 million.

- Depreciation and amortization remained consistent period to period at $1.1 million primarily because the balance of depreciable assets did not change significantly.

- Loss on disposals/sales of fixed assets of $0.2 million in the first six months of fiscal year 2012 was the result of expenses incurred from an orchard removal as part of our fiscal year 2012 orchard redevelopment plan. There were no expenses incurred from orchard removals in the first six months of fiscal year 2011.

- During the six months ended April 30, 2011, we sold the Rancho Refugio/Caldwell Ranch which resulted in a gain of $1.4 million. No such transaction occurred during the same period of fiscal year 2012.

- Non-cash impairments of real estate development assets resulting from continued weakness in the real estate market were $1.2 million for the first six months of fiscal year 2011. There were no impairments of real estate development assets during the same period in fiscal year 2012.

- Non-cash stock compensation expense was $0.5 million for each of the six month periods ended April 30, 2012 and 2011.

- Non-cash interest income on derivative instruments was $0.4 million for the first six months of fiscal year 2012 and consisted of $0.7 million of mark to market adjustments to the underlying fair value net liability, partially offset by $0.3 million of amortization of the accumulated other comprehensive loss balance. The income of $0.5 million for the same period in fiscal year 2011 consisted of $0.8 million of mark to market adjustments to the underlying fair value net liability partially offset by $0.3 million of amortization of the accumulated other comprehensive loss balance.

- Accounts and notes receivable used $4.7 million in operating cash flows during the six months ended April 30, 2012 compared to using $2.4 million in operating cash flows during the same period in fiscal year 2011. This increase was primarily the result of a $4.7 million increase in accounts receivable during the first six months of fiscal year 2012 compared to an increase of $1.6 million in accounts receivable during the first six months of fiscal year 2011, which was due to higher agribusiness revenue in the first six months of fiscal year 2012 compared to the same period in fiscal year 2011.

- Cultural costs used $0.2 million in operating cash flows during the first six months of fiscal year 2012 compared to providing $0.5 million in operating cash flows during the same period in fiscal year 2011, primarily due to our Company entering into a series of operating leases for approximately 1,000 acres of lemon, orange, specialty citrus and other crop orchards in January 2012. We will not share in the related citrus crop revenue in our fiscal year ending October 31, 2012; therefore, the cultural costs incurred in fiscal year 2012 are capitalized until the citrus crops are harvested in fiscal year 2013. We have capitalized $0.7 million of cultural costs related to these leases in the first six months of fiscal year 2012.

- Income taxes receivable used $0.8 million in operating cash flows in the six months ended April 30, 2012, consisting primarily of an income tax benefit of $1.2 million partially offset by a $0.4 million income tax refund. In comparison, income taxes receivable used $1.2 million in operating cash flows for the same period in fiscal year 2011, consisting primarily of a $1.9 million income tax benefit partially offset by a $0.8 million income tax refund.

- Accounts payable and growers payable provided $3.9 million in operating cash flows in the six months ended April 30, 2012 compared to providing $1.9 million of operating cash flows during the same period in fiscal year 2011. This increase was primarily due to higher sales prices and volumes of the lemons we processed and sold for third-party growers during the first six months of fiscal year 2012 compared to the same period in fiscal year 2011.

- Accrued liabilities provided $0.3 million in operating cash flows in the six months ended April 30, 2012 compared to using $0.5 million of operating cash flows during the same period in fiscal year 2011. There were no accrued bonuses at October 31, 2011 for fiscal year 2011 compared to $0.4 million of accrued bonuses for fiscal year 2010 that were included in accrued liabilities at October 31, 2010 and paid in the six months ended April 30, 2011. Additionally, we recorded $0.2 million of accrued liabilities related to the Sheldon Ranches operating leases during the first six months of fiscal year 2012.

- Other long-term liabilities provided $0.1 million of operating cash flows in the six months ended April 30, 2012 and represented $0.4 million of non-cash pension expense offset by $0.3 million of pension contributions for the period. The $0.3 million of operating cash flows provided during the six months ended April 30, 2011 represents $0.4 million of non-cash pension expense offset by a pension contribution of $0.1 million for the period.

Cash Flows from Investing Activities

For the six months ended April 30, 2012, net cash used by investing activities was $3.9 million compared to $0.3 million during the same period in fiscal year 2011.

Net cash used in investing activities is primarily comprised of capital expenditures and the sale of assets. Capital expenditures were $3.8 million in the first six months of fiscal year 2012, comprised of $2.1 million for property, plant and equipment and $1.7 million for real estate development projects. Capital expenditures were $9.7 million in the first six months of fiscal year 2011, comprised of $6.5 million for the purchase of Rancho Refugio/Caldwell Ranch, $0.9 million for property, plant and equipment and $2.3 million for real estate development projects. These capital expenditures were partially offset by $9.3 million of net proceeds from the sale of Rancho Refugio/Caldwell Ranch.

Cash Flows from Financing Activities

For the six months ended April 30, 2012, net cash provided by financing activities was $7.0 million compared to $4.9 million during the same period in fiscal year 2011.

The $2.1 million increase in cash flows from financing activities for the first six months of fiscal year 2012 compared to the same period in fiscal year 2011 is primarily due to net borrowings of long-term debt in the amount of $7.8 million during the first six months of fiscal year 2012 compared to net borrowings of $5.8 million during the same period in fiscal year 2011. The increase in net borrowings during the six months ended April 30, 2012 compared to the same period in fiscal year 2011 is primarily due to net cash generated in fiscal year 2011 by the purchase and sale of Rancho Refugio/ Caldwell Ranch in the amount of $2.8 million and increased capital expenditures in fiscal year 2012 offset by improved fiscal year 2012 operating cash flows.

Transactions Affecting Liquidity and Capital Resources

We finance our working capital and other liquidity requirements primarily through cash from operations and our revolving credit facility with Rabobank, NA (“Rabobank Credit Facility”). In addition, we have three term loans with Farm Credit West, FLCA, (“Farm Credit West Term Loans”) and a non-revolving line of credit, (“Farm Credit West Line of Credit”) with Farm Credit West, PCA (together with Farm Credit West FLCA, “Farm Credit West”). Additional information regarding the Rabobank Credit Facility, the Farm Credit West Term Loans and the Farm Credit West Line of Credit can be found in Note 9 to the unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We believe that the cash flows from operations and available borrowing capacity from our existing credit facilities will be sufficient to satisfy our capital expenditures, debt service, working capital needs and other contractual obligations for the remainder of fiscal 2012. In addition, we have the ability to control the timing of our investing cash flows to the extent necessary based on our liquidity demands.

Rabobank Revolving Credit Facility

As of April 30, 2012, our outstanding borrowings under the Rabobank Credit Facility were approximately $62.0 million and we had approximately $25.0 million of availability. The Rabobank Credit Facility bears interest at a variable rate equal to the one month London Interbank Offer Rate ("LIBOR") plus a spread of 1.50%. The interest rate resets on the first of each month and was 1.74% at April 30, 2012. We have the ability to prepay any amounts outstanding under the Rabobank Credit Facility without penalty. In November 2011, we entered into a Second Amendment to Amended and Restated Line of Credit Agreement in order to (i) increase the revolving line of credit from $80 million to the lesser of $100 million or 60% of the appraised value of any real estate pledged as collateral which was $87 million at January 31, 2012, (ii) amend the interest rate such that the line of credit bears interest at a rate equal to LIBOR plus 1.80% effective July 1, 2013 and (iii) extend the maturity date from June 30, 2013 to June 30, 2018.

The Rabobank Credit Facility is secured by certain of our agricultural properties and a portion of the equity interest in the San Cayetano Mutual Water Company, and subjects us to affirmative and restrictive covenants including, among other customary covenants, financial reporting requirements, requirements to maintain and repair any collateral, restrictions on the sale of assets, restrictions on the use of proceeds, prohibitions on the incurrence of additional debt and restrictions on the purchase or sale of major assets. We are also subject to a covenant that we will maintain a debt service coverage ratio, as defined in the Rabobank Credit Facility, of less than 1.25 to 1.0 measured annually at October 31, with which we were in compliance at October 31, 2011.

Farm Credit West Loans

As of April 30, 2012, we had an aggregate of approximately $28.7 million outstanding under the Farm Credit West Term Loans and Farm Credit West Line of Credit. The following provides further discussion on the term loans and non-revolving credit facility:

- *Term Loan Maturing November 2022.* As of April 30, 2012, we had $5.9 million outstanding under the Farm Credit West term loan that matures in November 2022. This term loan bears interest at a variable rate equal to an internally calculated rate based on Farm Credit West's internal monthly operations and their cost of funds and generally follows the changes in the 90-day treasury rates in increments divisible by 0.25% and is payable in quarterly installments through November 2022. The interest rate resets monthly and was 3.25% at April 30, 2012. This term loan is secured by certain of our agricultural properties.

- *Term Loan Maturing May 2032.* As of April 30, 2012, we had $0.9 million outstanding under the Farm Credit West term loan that matures in May 2032. This term loan bears interest at a variable rate equal to an internally calculated rate based on Farm Credit West's internal monthly operations and their cost of funds and generally follows the changes in the 90-day treasury rates in increments divisible by 0.25% and is payable in monthly installments through May 2032. The interest rate resets monthly and was 3.25% at April 30, 2012. This term loan is secured by certain of our agricultural properties.

- *Term Loan Maturing October 2035.* As of April 30, 2012, our wholly-owned subsidiary, Windfall Investors, LLC, had $8.9 million outstanding under the Farm Credit West term loan that matures in October 2035. We guaranteed payment of all indebtedness under this term loan and, in connection with our acquisition of Windfall Investors in November 2009, began to include the results of operations and all of the assets and liabilities of Windfall Investors (including the liabilities under this term loan) in our consolidated financial statements. The interest rate on this term loan was fixed at 6.73% until November 2011. Effective November 2011, we entered into an agreement with Farm Credit West fixing the interest rate at 3.65% for three years after which time the rate becomes variable at a rate equal to an internally calculated rate based on Farm Credit West's internal monthly operations and their cost of funds and generally follows the changes in the 90-day treasury rates in increments divisible by 0.25% until the loan matures. This term loan is secured by the Windfall Farms property.

- *Non-Revolving Line of Credit Maturing May 2013.* As of April 30, 2012, our wholly-owned subsidiary, Windfall Investors, LLC, had $13.0 million outstanding under the Farm Credit West Line of Credit that was scheduled to mature in May 2013. The non-revolving line of credit bears interest at a variable rate equal to an internally calculated rate based on Farm Credit West's internal monthly operations and their cost of funds and generally follows the changes in the 90-day treasury rates in increments divisible by 0.25% with interest payable on a monthly basis and the principal amount was due in full in May 2013. The interest rate resets monthly and was 3.50% at April 30, 2012. We guaranteed the payment of all indebtedness under this loan. On May 1, 2012, the Company entered into a new non-revolving line of credit facility with Farm Credit West (the "New Loan Agreement") replacing the existing non-revolving line of credit. The terms of the New Loan Agreement are substantially similar to the existing line of credit including a commitment of $13,000,000 and monthly interest only payments at a variable rate, which was 3.50% as of May 1, 2012. The New Loan Agreement extends the maturity date from May 2013 to May 2018, removes Windfall Investors, LLC as a borrower under the agreement and requires the Company to remit to Farm Credit West special principal payments of a minimum of $175,000 per lot sold on the Windfall Investors, LLC real estate development project.

The Farm Credit West Term Loans and Farm Credit West Line of Credit contain various conditions, covenants and requirements with which we and Windfall Investors must comply. In addition, we and Windfall Investors, LLC are subject to limitations on, among other things, selling, abandoning or ceasing business operations; merging or consolidating with a third party; disposing of a substantial portion of assets by sale, transfer, gifts or lease except for inventory sales in the ordinary course of business; obtaining credit or loans from other lenders other than trade credit customary in the business; becoming a guarantor or surety on or otherwise liable for the debts or obligations of a third party; and mortgaging, pledging, leasing for over a year, or otherwise making or allowing the filing of a lien on any collateral.

Interest Rate Swaps

We enter into interest rate swap agreements to manage the risks and costs associated with our financing activities. On April 29, 2010, we cancelled two interest rate swaps with notional amounts of $10.0 million each and amended the remaining interest rate swap from a notional amount of $22.0 million to a notional amount of $42.0 million. At April 30, 2012, we had an interest rate swap agreement which locks in the interest rate on $42.0 million of our $90.7 million in debt at approximately 5.13% until June 2013. Of the remaining $48.7 million in debt, $39.8 million bears interest at variable rates, which were 3.50% or less at April 30, 2012 and $8.9 million bears interest at a fixed rate of 3.65%, which becomes variable in November 2014.

The interest rate swaps previously qualified as cash flow hedges and the fair value adjustments to the swap agreements were deferred and included in accumulated other comprehensive income (loss). As a result of the re-negotiated terms, the remaining interest rate swap no longer qualifies for hedge accounting and accordingly, fair value adjustments from April 30, 2010 are included in interest income (expense). In November 2011, the Company entered into a forward interest rate swap agreement with Rabobank International, Utrecht to fix the interest rate at 4.30% on $40,000,000 of its outstanding borrowings under the Rabobank Credit Facility beginning July 2013 until June 2018. This interest rate swap qualifies as a cash flow hedge and is accounted for as a hedge under the short-cut method. Therefore, the fair value adjustments to the underlying debt are deferred and included in accumulated other comprehensive income (loss) and the liability is being recorded in other long-term liabilities in the Company's consolidated balance sheet at April 30, 2012. Additional information, regarding the interest rate swaps can be found in Note 10 to the unaudited consolidated financial statements for the quarter ended April 30, 2012 included elsewhere in this Quarterly Report on Form 10-Q.

Contractual Obligations

The following table presents our contractual obligations at April 30, 2012 for which cash flows are fixed and determinable:

	Payments due by Period				
Contractual Obligations:	**Total**	**< 1 year**	**1-3 years**	**3-5 years**	**5+ years**
Fixed rate debt (principal)	$ 40,758,000	$ 244,000	$ 514,000	$ -	$ 40,000,000
Variable rate debt (principal)	49,962,000	504,000	1,058,000	1,683,000	46,717,000
Operating lease obligations	11,523,000	2,075,000	3,027,000	2,715,000	3,706,000
Total contractual obligations	$ 102,243,000	$ 2,823,000	$ 4,599,000	$ 4,398,000	$ 90,423,000
Interest payments on fixed and variable rate debt	$ 24,891,000	$ 3,883,000	$ 7,702,000	$ 7,567,000	$ 5,739,000

We believe that the cash flows from our agribusiness and rental operations business segments as well as available borrowing capacity from our existing credit facilities will be sufficient to satisfy our future capital expenditure, debt service, working capital and other contractual obligations for the remainder of fiscal year 2012. In addition, we have the ability to control the timing of a portion of our investing cash flows to the extent necessary based on our liquidity demands.

Fixed Rate and Variable Rate Debt

Details of amounts included in long-term debt and interest rate swaps can be found above and in Notes 9 and 10 to the unaudited consolidated financial statements for the quarter ended April 30, 2012 included elsewhere in this Quarterly Report on Form 10-Q. The table above assumes that long-term debt is held to maturity.

Interest Payments on Fixed and Variable Debt

The above table assumes that our fixed rate and long-term debt is held to maturity and the interest rates on our variable rate debt remain unchanged for the remaining life of the debt from those in effect at October 31, 2011.

Operating Lease Obligations

We have numerous operating lease commitments with remaining terms ranging from less than one year to ten years. We have installed a one mega-watt photovoltaic array on one of our agricultural properties located in Ventura County that produces a significant portion of the power to operate our lemon packinghouse. The construction of this array was financed by Farm Credit Leasing and we have a long-term lease with Farm Credit Leasing for this array. Annual payments for this lease are $0.5 million, and at the end of ten years we have an option to purchase the array for $1.1 million. We entered into a similar transaction with Farm Credit Leasing for a second photovoltaic array at one of our agricultural properties located in the San Joaquin Valley to supply a significant portion of the power to operate four deep-water well pumps located on our property. Annual lease payments for this facility range from $0.3 million to $0.8 million, and at the end of ten years we have the option to purchase the array for $1.3 million. Additionally, we have agreements with an electricity utility through the California Solar Initiative which entitle us to receive rebates for energy produced by our solar arrays. These rebates, which reduce our agribusiness costs, are scheduled to expire in fiscal year 2013, were $0.4 million in each of the six month periods ended April 30, 2012 and 2011 and have averaged approximately $0.9 million per year since the inception of the leases.

In January 2012, our Company entered into a series of operating leases for approximately 1,000 acres of lemon, orange, specialty citrus and other crop orchards in Lindsay, California. Each of the leases is for ten-year terms and provides for four five-year renewal options with an aggregate base rent of approximately $500,000 per year. The leases also contain profit share arrangements with the landowners as additional rent on each of the properties and a provision for the potential purchase of the properties by Limoneira in the future. In accordance with the terms of the lease agreements, Limoneira will not share in the citrus crop revenue in its fiscal year ending October 31, 2012. During the three and six months ended April 30, 2012, we incurred $115,000 and $159,000, respectively, of net lease expense related to these leases.

We lease pollination equipment under a lease through fiscal year 2013 with annual payments of $0.1 million. We also lease machinery and equipment for our packing operations and other land for our agricultural operations under leases with annual lease commitments that are individually immaterial.

Preferred Stock Dividends

In 1997, in connection with the acquisition of Ronald Michaelis Ranches, Inc., our Company issued 30,000 shares of Series B Convertible Preferred Stock at $100 par value (the “Series B Stock”). The holders of the Series B Stock are entitled to receive cumulative cash dividends at an annual rate of 8.75% of par value. Such dividends are payable quarterly on the first day of January, April, July and October in each year commencing July 1, 1997 and totaled $0.3 million in each of the fiscal years 2011, 2010 and 2009. We paid preferred stock dividends of approximately $0.1 million during the six months ended April 30, 2012.

Defined Benefit Plan Contributions

As more fully described in Note 14 to our unaudited consolidated financial statements for the quarter ended April 30, 2012, our Company’s noncontributory, defined benefit, single employer pension plan (the “Plan”) was frozen as of June 30, 2004. During the six months ended April 30, 2011, we made contributions of $0.3 million to the Plan and we expect to contribute approximately $0.8 million to the Plan in fiscal year 2012.

Real Estate Development Activities and Related Capital Resources

As noted above under “Transactions Affecting Liquidity and Capital Resources,” we have the ability to control the timing of a portion of our investing cash flows to the extent necessary based upon our liquidity demands. In order for our real estate development operations to reach their maximum potential benefit to us, however, we will need to be successful over time in identifying other third party sources of capital to partner with us to move those development projects forward. While we have been in discussions with several external sources of capital in respect of all of our development projects, current market conditions for California real estate projects, while improving, continue to be challenging and make it difficult to predict the timing and amounts of future capital that will be required to complete the development of our projects.

Recent Accounting Pronouncements

Please see Note 2 to the unaudited consolidated financial statements for the period ended April 30, 2012 elsewhere in this Quarterly Report on Form 10-Q for information concerning our Recently Adopted Accounting Pronouncements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles requires us to develop critical accounting policies and make certain estimates and judgments that may affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates and judgments on historical experience, available relevant data and other information that we believe to be reasonable under the circumstances. Actual results may materially differ from these estimates under different assumptions or conditions as new or additional information becomes available in future periods. We believe the following critical accounting policies reflect our more significant estimates and judgments used in the preparation of our consolidated financial statements.

Revenue Recognition – As a general policy, revenue and related costs are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) selling price is fixed or determinable and (iv) collectability is reasonably assured. We record a sales allowance in the period revenue is recognized as a provision for estimated customer discounts and concessions.

Agribusiness revenue – Revenue from the sales of certain of our agricultural products is recorded based on estimated proceeds provided by certain of our sales and marketing partners (Calavo and other third-party packinghouses) due to the time between when the product is delivered by us and the closing of the pools for such fruits at the end of each month. Calavo and other third-party packinghouses are agricultural cooperatives or function in a similar manner as an agricultural cooperative. As such, we apply specific authoritative agribusiness revenue recognition guidance related to transactions between patrons and agribusiness marketing cooperatives to record revenue at time of delivery to the packinghouses relating to fruits that are in pools that have not yet closed at month end if (a) the related fruits have been delivered to and accepted by Calavo and other third-party packinghouses (i.e. title has transferred to Calavo and other third-party packinghouses) and (b) sales price information has been provided by Calavo and other third-party packinghouses (based on the marketplace activity for the related fruit) to estimate with reasonable certainty the final selling price for the fruit upon the closing of the pools. Historically, the revenue that is recorded based on the sales price information provided to us by Calavo and other third-party packinghouses at the time of delivery, has not materially differed from the actual amounts that are paid after the monthly pools are closed.

Our avocados, oranges, specialty citrus and other specialty crops are packed and sold through by Calavo and other third-party packinghouses. Specifically, we deliver all of our avocado production from our orchards to Calavo. These avocados are then packed by Calavo at its packinghouse, and sold and distributed under Calavo brands to its customers primarily in the United States and Canada. Our arrangements with other third-party packinghouses related to oranges, specialty citrus and other specialty crops are similar to our arrangement with Calavo.

Our arrangements with our third-party packinghouses are such that we are the producer and supplier of the product and the third-party packinghouses are our customers. The revenues we recognize related to the fruits sold to the third-party packinghouses are based on the volume and quality of the fruits delivered, the market price for such fruit, less the packinghouses' charges to pack and market the fruit. Such packinghouse charges include the grading, sizing, packing, cooling, ripening and marketing of the related fruit. We bear inventory risk until the product is delivered to the third-party packinghouses at which time title and inventory risk to the product is transferred to the third-party packinghouses and revenue is recognized. Such third-party packinghouse charges are recorded as a reduction of revenue based on the application of specific authoritative revenue recognition guidance related to a "Vendor's Income Statement Characterization of Consideration Given to a Customer". The identifiable benefit we receive from the third-party packinghouses for packaging and marketing services cannot be sufficiently separated from the third-party packinghouses' purchase of our products. In addition, we are not able to reasonably estimate the fair value of the benefit received from the third-party packinghouses for such services and as such, these costs are characterized as a reduction of revenue in our consolidated statement of operations.

Revenue from crop insurance proceeds is recorded when the amount of, and the right to receive, the payment can be reasonably determined.

Rental revenue - Minimum rental revenues are generally recognized on a straight-line basis over the respective initial lease term. Contingent rental revenues are contractually defined as to the percentage of rent received by us and are based on fees collected by the lessee. Our rental arrangements generally require payment on a monthly or quarterly basis.

Real estate development revenue – The Company recognizes revenue on real estate development projects in accordance with FASB ASC 360-20, *Real Estate Sales*, which provides for profit to be recognized in full when real estate is sold, provided that a sale has been consummated and profit is determinable, collection of sales proceeds is estimable with the seller's receivable not subject to subordination, risks and rewards of ownership have been transferred to the buyer and the earnings process is substantially complete with no significant seller activities or obligations required after the date of sale. To the extent the above conditions are not met, a portion or all of the profit is deferred.

Incidental operations may occur during the holding or development period of real estate development projects to reduce holding or development costs. Incremental revenue from incidental operations in excess of incremental costs from incidental operations is accounted for as a reduction of development costs. Incremental costs from incidental operations in excess of incremental revenue from incidental operations are charged to operations.

Real estate development costs – We capitalize the planning, entitlement, construction and development costs associated with our various real estate projects. Costs that are not capitalized are expensed as incurred. A real estate development project is considered substantially complete upon the cessation of construction and development activities. Once a project is substantially completed, future costs are expensed as incurred. For the six months ended April 30, 2012, we capitalized approximately $1.8 million of costs related to our real estate projects and expensed approximately $0.5 million of costs.

Income taxes – Deferred income tax assets and liabilities are computed annually for differences between the financial statement and income tax basis of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

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

Derivative financial instruments – We use derivative financial instruments for purposes other than trading to manage our exposure to interest rates as well as to maintain an appropriate mix of fixed and floating-rate debt. Contract terms of our hedge instruments closely mirror those of the hedged item, providing a high degree of risk reduction and correlation. Contracts that are effective at meeting the risk reduction and correlation criteria are recorded using hedge accounting. If a derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the instrument will be either offset against the change in the fair value of the hedged assets, liabilities or firm commitments through earnings or be recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of an instrument's change in fair value will be immediately recognized in earnings. Instruments that do not meet the criteria for hedge accounting, or contracts for which we have not elected hedge accounting, are valued at fair value with unrealized gains or losses reported in earnings during the period of change.

Impairment of long-lived assets – We evaluate our long-lived assets, including our real estate development projects, for impairment when events or changes in circumstances indicate the carrying value of these assets may not be recoverable. As a result of the economic downturn in recent years, we recorded impairment charges of $1.2 million, $2.4 million and $6.2 million in fiscal years 2011, 2010 and 2009, respectively. These charges were based on independent appraisals and other factors and were developed using various facts, assumption and estimates. Future changes in these facts, assumptions and estimates could result in additional charges.

Defined benefit retirement plan – As discussed in Note 14 to our unaudited consolidated financial statements, we sponsor a defined benefit retirement plan that was frozen in June, 2004, and no future benefits accrued to participants subsequent to that time. Ongoing accounting for this plan under FASB ASC 715, *Compensation – Retirement Benefits*, provides guidance as to, among other things, future estimated pension expense, minimum pension liability and future minimum funding requirements. This information is provided to us by third-party actuarial consultants. In developing this data, certain estimates and assumptions are used, including among other things, discount rate, long-term rates of return and mortality tables. Changes in any of these estimates could materially affect the amounts recorded that are related to our defined benefit retirement plan.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the disclosures discussed in the section entitled "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2011 as filed with the Securities and Exchange Commission on January 17, 2012.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. As of April 30, 2012, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Control Over Financial Reporting. There have been no significant changes in our internal controls over financial reporting during the period covered by this Quarterly Report on Form 10-Q or, to our knowledge, in other factors that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls. Control systems, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time involved in legal proceedings arising in the normal course of business. Other than proceedings incidental to our business, we are not a party to, nor is any of our property the subject of, any material pending legal proceedings and no such proceedings are, to our knowledge, threatened against us.

Item 1A. Risk Factors

Risk factors and uncertainties associated with our business have not changed materially from those disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2011 as filed with the Securities and Exchange Commission on January 17, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the second quarter of fiscal year 2012 we purchased shares of our common stock as follows:

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)
February 1, 2012 through February 29, 2012	$ 7,816	$ 1.50	-	-
March 1, 2012 through March 31, 2012	-	-	-	-
April 1, 2012 through April 30, 2012	-	-	-	-
Total	**7,816**	**-**	**-**	**-**

(1) We presently have no publicly announced repurchase program in place. 7,500 shares were acquired from our employees in accordance with our stock-based compensation plans and 316 were acquired as a result of share withholdings to pay income tax related to the vesting and distribution of a restricted stock award.

(2) No publicly announced repurchase program in place.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit
31.1	Certificate of the Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
31.2	Certificate of the Principal Financial and Accounting Officer Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
10.1	Limoneira Company Amended and Restated 2010 Omnibus Incentive Plan
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*Pursuant to Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1934, as amended, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

	LIMONEIRA COMPANY
June 11, 2012	By:/s/ HAROLD S. EDWARDS
	Harold S. Edwards Director, President and Chief Executive Officer (Principal Executive Officer)
June 11, 2012	By:/s/ JOSEPH D. RUMLEY
	Joseph D. Rumley Chief Financial Officer (Principal Financial and Accounting Officer)

LIMONEIRA COMPANY
AMENDED AND RESTATED
2010 OMNIBUS INCENTIVE PLAN

(as approved by the Board of Directors on January24, 2012)
(as approved by the stockholders on March 27, 2012)

Section 1. Purpose. The purposes of this Limoneira Company Amended and Restated 2010 Omnibus Incentive Plan (the "Plan") are to promote the interests of Limoneira Company and its stockholders by (i) attracting and retaining employees and directors of, and consultants to, the Company and its Affiliates, as defined below; (ii) motivating such individuals by means of performance-related incentives to achieve longer-range performance goals; and (iii) enabling such individuals to participate in the long-term growth and financial success of the Company. This Plan is intended to replace the prior Limoneira Company 2010 Omnibus Incentive Plan (the "*Prior Plan*"), which Prior Plan shall be automatically terminated, replaced, and superseded by this Plan on the date this Plan is approved by the Company's stockholders. Notwithstanding the foregoing, any awards granted under the Prior Plan shall remain in effect pursuant to the terms of the Prior Plan and the respective award agreements thereunder.

Section 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any employer with which the Company would be considered a single employer under Sections 414(b) and 414(c) of the Code, applied using fifty percent (50%) as the percentage of ownership required under such Code sections; *provided*, *however*, that the term Affiliate shall be construed in a manner in accordance with the registration provisions of applicable securities laws.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award, Performance Share-Based Award, Other Share-Based Award, or Performance Compensation Award made or granted from time to time hereunder.

(c) "*Award Agreement*" shall mean any written agreement, contract, or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant, including by electronic means, as provided in Section 14(f).

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Cause*," as a reason for a Participant's termination of employment or service, shall have the meaning assigned such term in the employment, severance, or similar agreement, if any, between the Participant and the Company or an Affiliate. If the Participant is not a party to an employment, severance, or similar agreement with the Company or an Affiliate in which such term is defined, then unless otherwise defined in the applicable Award Agreement, "Cause" shall mean:

(i) the intentional engagement in any acts or omissions constituting dishonesty, breach of a fiduciary obligation, wrongdoing, or misfeasance, in each case, in connection with a Participant's duties or otherwise during the course of a Participant's employment or service with the Company or an Affiliate;

(ii) the commission of a felony or the indictment for any felony, including, but not limited to, any felony involving fraud, embezzlement, moral turpitude, or theft;

(iii) the intentional and wrongful damaging of property, contractual interests, or business relationships of the Company or an Affiliate;

(iv) the intentional and wrongful disclosure of secret processes or confidential information of the Company or an Affiliate in violation of an agreement with, or a policy of, the Company or an Affiliate;

(v) the continued failure to substantially perform the Participant's duties for the Company or an Affiliate;

(vi) current alcohol or prescription drug abuse affecting work performance;

(vii) current illegal use of drugs; or

(viii) any intentional conduct contrary to the Company's or an Affiliate's written policies or practices.

(f) *"Change of Control"* shall mean the occurrence of any of the following:

(i) the sale, lease, transfer, conveyance, or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act); or

(ii) any person or group is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than fifty percent (50%) of the total voting power of the voting stock of the Company, including by way of merger, consolidation, or otherwise, or

(iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors of the Company, then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved, but excluding any director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) cease for any reason to constitute a majority of the Board, then in office.

(g) *"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) *"Committee"* shall mean *either:*

(i) a committee of the Board designated by the Board to administer the Plan and composed of not less than two (2) directors, each of whom is required to be a "Nonemployee Director" (within the meaning of Rule 16b-3) and an "outside director" (within the meaning of Section 162(m) of the Code) to the extent Rule 16b-3 and Section 162(m) of the Code, respectively, are applicable to the Company and the Plan; *or*

(ii) a committee of the Board designated by the Board to administer the Plan *and*, with respect to "applicable employee remuneration" for purposes of Code Section 162(m), a subcommittee designated by the Board composed of not less than two (2) directors, each of whom is required to be a "Nonemployee Director" and an "outside director" (as such terms are defined above), which subcommittee shall be considered a compensation committee for purposes of Code Section 162(m) and the regulations promulgated thereunder.

(i) *"Company"* shall mean Limoneira Company, a Delaware corporation, together with any successor thereto.

(j) "*Covered Employee"* shall mean a "covered employee" as defined in Code Section 162(m)(3).

(k) "*Effective Date*" shall have the meaning ascribed to it in Section 16(a).

(l) *"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended from time to time.

(m) *"Fair Market Value*" shall mean, except as otherwise provided in the applicable Award Agreement,

(i) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee in accordance with objective, arm's length standards; and

(ii) with respect to the Shares, as of any date:

(A) the closing per-share sale price (excluding any "after hours" trading) of the Shares (aa) as reported by the National Association of Securities Dealers Automated Quotations ("*NASDAQ*") for such date, or (bb) if the Shares are listed on a national stock exchange other than the NASDAQ, the closing per-share sale price of the Shares as reported on the stock exchange composite tape for securities traded on such stock exchange for such date, or

(B) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee (which determination shall, to the extent applicable, be made in a manner that complies with Section 409A).

(n) *"Fiscal Year"* shall mean the Company's fiscal year beginning each November 1 and ending the following October 31.

(o) "*Good Reason*" as a reason for a Participant's termination of employment or service shall have the meaning assigned such term in the employment, severance, or similar agreement, if any, between the Participant and the Company or an Affiliate. If the Participant is not a party to an employment, severance, or similar agreement with the Company or an Affiliate in which such term is defined, then unless otherwise defined in the applicable Award Agreement, for purposes of this Plan, the Participant shall not be entitled to terminate his employment or service for Good Reason.

(p) "*Incentive Stock Option*" shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan (and which is so designated in the applicable Award Agreement) and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto. Incentive Stock Options may be granted only to Participants who meet the definition of "employees" under Section 3401(c) of the Code.

(q) "*Negative Discretion*" shall mean the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Compensation Award; *provided* that the exercise of such discretion would not cause the Performance Compensation Award to fail to qualify as "performance-based compensation" under Section 162(m) of the Code. By way of example and not by way of limitation, in no event shall any discretionary authority granted to the Committee by the Plan including, but not limited to, Negative Discretion, be used to (a) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained, or (b) increase a Performance Compensation Award above the maximum amount payable under Sections 4(a) and 4(b) or Section 11(d)(vi) of the Plan.

(r) "*Nonqualified Stock Option*" shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan and that does not qualify as an Incentive Stock Option.

(s) "*Option*" shall mean an Incentive Stock Option or a Nonqualified Stock Option.

(t) "*Other Share-Based Award*" shall mean any right granted under Section 10 of the Plan.

(u) "*Participant*" shall mean any employee of, or consultant to, the Company or its Affiliates, or nonemployee director who is a member of the Board or the board of directors of an Affiliate, eligible for an Award under Section 5 of the Plan and selected by the Committee to receive an Award under the Plan or who receives a Substitute Award.

(v) "*Performance Share-Based Award*" shall mean any right granted under Section 9 of the Plan.

(w) "*Performance Compensation Award*" shall mean any Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.

(x) "*Performance Criteria*" shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Compensation Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or an Affiliate, division, or operational unit of the Company or an individual service provider). The Performance Criteria applicable to any Award that is intended to qualify for the "performance-based compensation" exception from the tax deductibility limitations of Section 162(m) of the Code shall be based on one or more of the following criteria: **(i)** return measures, including, but not limited to, return on assets, net assets, stockholders' equity, stockholder returns, capital, invested capital, sales, or revenue; **(ii)** revenue; **(iii)** average revenue; **(iv)** profit margin; **(v)** earnings per Share; **(vi)** net earnings or net income (before or after taxes), net income compared to average net income over a period, net income as a percentage determinant to multiply times salary; **(vii)** operating earnings; **(viii)** net sales or revenue growth; **(ix)** cash flow, including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, average cash, cash from activities, cash from activities compared to average cash from activities over a period, and cash flow return on investment; **(x)** earnings before or after interest, taxes, depreciation and amortization; **(xi)** net operating profit; **(xii)** growth of business; **(xiii)** operating expenses; **(xiv)** capital expenses; **(xv)** cost or expense targets; **(xvi)** share price, including, but not limited to, growth measures and total shareholder return; **(xvii)** enterprise value; **(xviii)** equity market capitalization; **(xix)** cost reduction or savings; **(xx)** performance against operating budget goals; **(xxi)** margins; **(xxii)** customer satisfaction; **(xxiii)** working capital targets; **(xxiv)** working value added (net operating profit after tax minus the sum of capital multiplied by the cost of capital); **(xxv)** completion of securities offering; **(xxvi)** completion of corporate refinancing; **(xxvii)** sales or market share; **(xxviii)** operating objectives or activities; or **(xxix)** individually specified objectives.

To the extent required under Section 162(m) of the Code, the Committee shall, within the first ninety (90) days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(y) *"Performance Formula"* shall mean, for a Performance Period, one or more objective formulas applied against the relevant Performance Goals to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

(z) "*Performance Goals*" shall mean, for a Performance Period, one or more goals as may be established in writing by the Committee for the Performance Period based upon the Performance Criteria. The Committee is authorized at any time during the first ninety (90) days of a Performance Period, or at any time thereafter (but only to the extent the exercise of such authority after the first ninety (90) days of a Performance Period would not cause the Performance Compensation Awards granted to any Participant for the Performance Period to fail to qualify as "performance-based compensation" under Section 162(m) of the Code), in its sole discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period to the extent permitted under Section 162(m) of the Code in order to prevent the dilution or enlargement of the rights of Participants:

(i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development affecting the Company; or

(ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

Achievement of Performance Goals may be measured by including or excluding items determined to be extraordinary, unusual in nature, infrequent in occurrence, related to the acquisition or disposition of a business, or related to a change in accounting principle, in each case based on Opinion No. 30 of the Accounting Principles Board (APB Opinion No. 30), or other applicable accounting rules, or consistent with the Company's policies and practices for measuring the achievement of Performance Goals on the date on which the Committee establishes the Performance Goals.

(aa) "*Performance Period*" shall mean the one (1) or more periods of time of at least twelve (12) consecutive months in duration (usually a Fiscal Year), as the Committee may select, over which the attainment of one (1) or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Compensation Award.

(bb) *"Person"* shall mean any individual, corporation, partnership, association, limited liability company, joint-stock company, trust, unincorporated organization, government, or political subdivision.

(cc) “*Plan*” shall mean this Limoneira Company Amended and Restated 2010 Omnibus Incentive Plan, as amended from time to time and reflected in accordance with Section 12 hereof.

(dd) “*Prior Plan*” shall have the meaning specified in Section 1.

(ee) “*Restricted Share*” shall mean any physical or electronic book-entry Share granted under Section 8 of the Plan.

(ff) “*Restricted Share Unit*” shall mean any unit that represents an unfunded and unsecured promise to deliver Shares or some other form of payment in the future granted under Section 8 of the Plan.

(gg) “*Rule 16b-3*” shall mean Rule 16b-3 as promulgated and interpreted by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

(hh) “*SEC*” shall mean the Securities and Exchange Commission or any successor thereto and shall include the staff thereof.

(ii) “*Section 409A*” shall mean Section 409A of the Code and the regulations and other guidance issued thereunder as in effect from time to time.

(jj) “*Separation from Service*” shall mean a termination from employment or service of an employee or other service provider with the Company and all Affiliates; *provided* that the employment relationship shall be considered to continue while the individual is on military leave, sick leave, or other bona fide leave of absence so long as the period of such absence does not exceed six (6) months, or, if longer, so long as the individual retains a right to reemployment with the Company or Affiliate under an applicable statute or by contract. An employee or other service provider is presumed to have separated from service where the level of bona fide services preformed decreases to a level equal to twenty percent (20%) or less than the average level of services performed by the employee or other service provider during the immediately preceding thirty-six- (36-) month period. In all applicable cases, whether an employee or other service provider has incurred a Separation from Service shall be determined in accordance with Section 409A.

(kk) “*Shares*” shall mean the common stock of the Company, $0.01 par value, or such other securities of the Company (i) into which such common stock shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of shares, or other similar transaction or (ii) as may be determined by the Committee pursuant to Section 4(d) of the Plan; *provided* that such other securities shall, for Options and Stock Appreciation Rights, always constitute “service recipient stock” within the meaning of Section 409A.

(ll) “*Specified Employee*” shall mean a “specified employee” within the meaning of Section 409A and the Company’s Specified Employee determination policy, if any.

(mm) *"Stock Appreciation Right"* shall mean any right granted under Section 7 of the Plan.

(nn) *"Substitute Awards"* shall have the meaning specified in Section 4(e) of the Plan.

(oo) "*Ten Percent Shareholder"* shall mean an individual who, at the time an Option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any parent corporation or subsidiary corporation of the Company. An individual shall be considered as owning the stock owned, directly or indirectly, by or for the individual's brothers and sisters, spouse, ancestors, and lineal descendants; and stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by or for its stockholders, partners, or beneficiaries.

Section 3. Administration.

(a) *Committee; Powers of*. The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law (including Section 409A), and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to:

(i) designate Participants;

(ii) determine the type or types of Awards to be granted to a Participant and designate those Awards which shall constitute Performance Compensation Awards (except for Nonqualified Stock Options and Stock Appreciation Rights which automatically constitute such Awards);

(iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards;

(iv) determine the terms and conditions of any Award;

(v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;

(vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award (subject to Section 162(m) of the Code with respect to Performance Compensation Awards) shall be deferred either automatically or at the election of the holder thereof or of the Committee (in each case consistent with Section 409A);

(vii) interpret, administer, or reconcile any inconsistency, correct any defect, resolve ambiguities and/or supply any omission in the Plan, any Award Agreement, and any other instrument or agreement relating to, or Award made under, the Plan;

(viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan;

(ix) establish and administer Performance Goals and certify whether, and to what extent, they have been attained; and

(x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Unless otherwise expressly provided in the Plan or limited by Section 409A, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any stockholder.

(c) The mere fact that a Committee member shall fail to qualify as a "Nonemployee Director" or "outside director" within the meaning of Rule 16b-3 and Section 162(m) of the Code, respectively, shall not invalidate any Award made by the Committee, which Award is otherwise validly made under the Plan.

(d) No member of the Committee shall be liable to any Person for any action or determination made in good faith with respect to the Plan or any Award hereunder.

(e) With respect to any Performance Compensation Award granted to a Covered Employee under the Plan, the Plan shall be interpreted and construed in accordance with Section 162(m) of the Code.

(f) The Committee may delegate to one or more officers of the Company (or, in the case of awards of Shares, the Board may delegate to a committee made up of one or more directors) the authority to grant Awards to Participants who are not Covered Employees or who are not executive officers or directors of the Company subject to Section 16 of the Exchange Act.

Section 4. <u>Shares Available for Awards</u>.

(a) *<u>Shares Available</u>*. Subject to adjustment as provided in Section 4(d), the aggregate number of Shares with respect to which Awards may be granted from time to time under the Plan shall in the aggregate not exceed, at any time, One Million (1,000,000) Shares; *provided* that the aggregate number of Shares with respect to which Incentive Stock Options may be granted under the Plan shall be Eight Hundred Thousand (800,000) Shares.

(b) *Fiscal Year/Performance Period Award Limits*. Subject to the overall limitations in Section 4(a), individual Awards shall be subject to the following limitations on a per Participant basis:

(i) Nonqualified Stock Options. The maximum number of Shares with respect to which Nonqualified Stock Options may be granted to any one Participant in any Fiscal Year shall be Two Hundred Thousand (200,000) Shares.

(ii) Stock Appreciation Rights. The maximum number of Shares with respect to which any Stock Appreciation Rights may be granted to any one Participant in any Fiscal Year shall be Two Hundred Thousand (200,000) Shares.

(iii) Restricted Shares**.** The maximum aggregate number of Shares of Restricted Shares that may be granted to any one Participant in any Fiscal Year shall be Five Hundred Thousand (500,000) Shares.

(iv) Restricted Share Units. The maximum aggregate number of Shares of Restricted Share Units that may be granted to any one Participant in any Fiscal Year shall be Five Hundred Thousand (500,000) Shares.

(v) Performance Share-Based Awards. The maximum number of Shares awarded or credited with respect to Performance Share-Based Awards to any one Participant in a single Performance Period may not exceed Five Hundred Thousand (500,000) Shares determined as of the date of payout, or, in the event such Performance Share-Based Awards are paid in cash, the equivalent cash value thereof. (For the avoidance of doubt, this Share number does not include Nonqualified Stock Options or any other Awards listed in this Section 4(b) that are structured to count or that do count as "performance-based compensation" under the exception to the one million dollar ($1,000,000) deduction limitation under Section 162(m) of the Code. Each such Award exception shall have its own separate limitation as provided for above, subject to the overall limitation in Section 4(a) hereof.)

(vi) Other Share-Based Awards. The maximum number of Shares that may be granted as Other Share-Based Awards in respect of any Fiscal Year shall be Two Hundred Thousand (200,000) Shares or, in the event such Other Share-Based Awards are paid in cash, the equivalent cash value thereof.

(c) *Shares Counted*. Shares covered by an Award granted under the Plan shall not be counted unless and until they are actually issued and delivered, or recorded in book-entry form, to a Participant and, therefore, the total number of Shares available under the Plan as of a given date shall not be reduced by Shares relating to prior Awards that have expired or have been forfeited or cancelled, and upon payment in cash of the benefit provided by any Award, any Shares that were covered by such Award will be available for issue hereunder. Notwithstanding anything to the contrary contained herein:

(i) if Shares are tendered or otherwise used in payment of the exercise price of an Option, the total number of Shares covered by the Option being exercised shall reduce the aggregate limit described in Section 4(a);

(ii) Shares withheld by the Company to satisfy a tax withholding obligation shall count against the aggregate limit described in Section 4(a) and the limits described in Section 4(b);

(iii) the number of Shares covered by a Stock Appreciation Right, to the extent that it is exercised and settled in Shares, and whether or not Shares are actually issued to the Participant upon exercise of the Stock Appreciation Right, shall be considered issued and transferred or recorded and held in book-entry form pursuant to the Plan; and

(iv) to the extent that any outstanding Award is settled in cash in lieu of Shares, the Shares allocable to such portion of the Award may again be subject to an Award granted under the Plan.

(d) *Adjustments.* Notwithstanding any provisions of the Plan to the contrary, in the event that the Committee determines in its sole discretion that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other corporate transaction or event affects the Shares, such that an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall equitably adjust, subject to the proviso of Section 2(kk) (definition of Shares) and any other requirements under Code Sections 422, 424, and 409A, any or all of:

(i) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted;

(ii) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards; and

(iii) the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award in consideration for the cancellation of such Award, which, in the case of Options and Stock Appreciation Rights shall equal the excess, if any, of the Fair Market Value of the Share subject to each such Option or Stock Appreciation Right over the per Share exercise price or grant price of such Option or Stock Appreciation Right.

(e) _Substitute Awards_. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its Affiliates or a company acquired by the Company or with which the Company combines *("Substitute Awards")*. The number of Shares underlying any Substitute Awards shall be counted against the aggregate number of Shares available for Awards under the Plan.

(f) _Sources of Shares Deliverable under Awards_. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares; provided, however, if the Company so determines, Shares delivered may consist of Shares purchased in the market.

Section 5. Eligibility. Any employee of, or consultant to, the Company or any of its Affiliates (including any prospective employee, but not before his hire date), or nonemployee director who is a member of the Board or the board of directors of an Affiliate, shall be eligible to be selected as a Participant.

Section 6. Stock Options.

(a) _Grant_. Subject to the terms of the Plan, the Committee shall have sole authority to determine the Participants to whom Options shall be granted, the number of Shares to be covered by each Option (which shall be fixed on the date of grant and set forth in the applicable Award Agreement), the exercise price thereof and the conditions and limitations applicable to the exercise of the Option. The Committee shall have the authority to grant Incentive Stock Options, or to grant Nonqualified Stock Options, or to grant both types of Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. All Options when granted under the Plan are intended to be Nonqualified Stock Options, unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. As required by Section 409A, Nonqualified Stock Options shall have a grant price equal to or greater than the Fair Market Value per Share as of the date of grant. Nonqualified Stock Options shall qualify as "performance-based compensation" under Section 162(m) of the Code. If an Option is intended to be an Incentive Stock Option, and if for any reason such Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan; *provided* that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to Nonqualified Stock Options. No Option shall include any feature for the deferral of income other than the deferral of recognition of income until the later of the exercise or disposition of the Option.

(b) *Exercise Price*. The Committee shall determine and establish the exercise price at the time each Option is granted; *provided* that such exercise price shall be set forth in the applicable Award Agreement and shall **not** be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant; and *provided, further*, that if the Option is an Incentive Stock Option granted to a Ten Percent Shareholder, the exercise price of the Option shall not be less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of the grant of the Option.

(c) *Exercise*. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement. No Option shall be exercisable more than ten (10) years from the date of grant; *provided, however*, that in the case of a Ten Percent Shareholder, no Incentive Stock Option shall be exercisable later than the fifth (5^{th}) year anniversary of the date of its grant. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal or state securities laws, as it may deem necessary or advisable. To the extent that the aggregate Fair Market Value of the Shares with respect to Options designated as Incentive Stock Options plus the incentive stock options granted by any Affiliate are exercisable for the first time by a Participant during any calendar year under all plans of the Company and Affiliates exceeds one hundred thousand dollars ($100,000), such options shall be treated as Nonqualified Stock Options. For purposes of the preceding sentence, (i) Options shall be taken into account in the order in which they are granted, and (ii) the Fair Market Value of the Shares shall be determined as of the time the Incentive Stock Option or other incentive stock option is granted.

(d) *Payment*.

(i) No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate exercise price therefor is received by the Company. Such payment may be made as provided in the Award Agreement:

(A) in cash, or its equivalent, or

(B) by exchanging Shares owned by the Participant (which are not the subject of any pledge or other security interest and which have been owned by such Participant for at least six (6) months and acquired other than through an Incentive Stock Option), or

(C) subject to such rules as may be established by the Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the aggregate exercise price or by a combination of the foregoing;

provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the Company as of the date of such tender is at least equal to such aggregate exercise price and the taxes, if any, required to be withheld.

(ii) *Proof of Share Ownership*. Wherever in any Award Agreement a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

(e) *Disqualifying Dispositions*. A Participant shall be obligated to give the Company or any Affiliate for which the Participant works notice of any disposition of any Incentive Stock Option prior to the applicable holding periods.

Section 7. Stock Appreciation Rights.

(a) *Grant*. Subject to the provisions of the Plan, the Committee shall have sole authority to determine the Participants to whom Stock Appreciation Rights shall be granted, the number of Shares to be covered by each Stock Appreciation Right Award (which shall be set on the date of grant and specified in the Award Agreement), the grant price thereof and the conditions and limitations applicable to the exercise thereof. As required by Section 409A, Stock Appreciation Rights shall have a grant price equal to or greater than the Fair Market Value per Share as of the date of grant. Such Stock Appreciation Rights shall qualify as "performance-based compensation" under Section 162(m) of the Code. Stock Appreciation Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to another Award; *provided* that the Stock Appreciation Rights granted in tandem with an Award shall be granted at the same time as the other Award.

(b) *Exercise and Payment*. The grant price of a Stock Appreciation Right per Share shall **not** be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. No Stock Appreciation Right shall be exercisable more than ten (10) years from the date of grant. A Stock Appreciation Right shall entitle the Participant to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the grant price thereof times the number of Shares exercised. The Committee shall determine in its sole discretion whether a Stock Appreciation Right shall be settled in cash, Shares, or a combination of cash and Shares.

(c) *Other Terms and Conditions*. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine, at the grant of a Stock Appreciation Right, the term, methods of exercise, methods and form of settlement, and any other terms and conditions of any Stock Appreciation Right. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate; *provided* that the Stock Appreciation Right shall not include any feature for the deferral of income other than the deferral of income until the exercise of the Stock Appreciation Right.

Section 8. Restricted Shares and Restricted Share Units.

(a) *Grant.* Subject to the provisions of the Plan, the Committee shall have sole authority to determine the Participants to whom Restricted Share Units and Restricted Shares shall be granted, the number of Restricted Shares and/or the number of Restricted Share Units to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Shares and Restricted Share Units may be forfeited to the Company, and the other terms and conditions of such Awards.

(b) *Transfer Restrictions.* Restricted Share Units and Restricted Shares may not be sold, assigned, transferred, pledged, or otherwise encumbered, except, in the case of Restricted Shares, as provided in the Plan or the applicable Award Agreements. Unless otherwise directed by the Committee:

(i) certificates issued in respect of Restricted Shares shall be registered in the name of the Participant and deposited by such Participant, together with a stock power endorsed in blank, with the Company; or

(ii) Restricted Shares shall be held at the Company's transfer agent in book-entry form with appropriate restrictions relating to the transfer of such Restricted Shares.

(iii) upon the lapse of the restrictions applicable to such Restricted Shares, the Company shall, as applicable, either deliver such certificates to the Participant or the Participant's legal representative; the transfer agent shall remove the restrictions relating to the transfer of such Shares; or, if so requested by the Participant, the unrestricted certificates or Shares, as applicable, shall continue to be held on behalf of the Participant.

(c) *Payment.* Each Restricted Share Unit shall have a value equal to the Fair Market Value of a Share. Restricted Share Units shall be paid in cash, Shares, other securities, or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Dividends paid on any of Restricted Shares shall be paid directly to the Participant, withheld by the Company subject to vesting of the Restricted Shares pursuant to the terms of the applicable Award Agreement, or may be reinvested in additional Restricted Shares, as determined by the Committee and specified in the Award Agreement on the date of grant. Dividends may be credited on Restricted Share Units as additional Restricted Share Units, if so determined by the Committee and specified in the Award Agreement on the date of grant.

Section 9. Performance Share-Based Awards.

(a) *Grant.* The Committee shall have sole authority to determine the Participants who shall receive a "Performance Share-Based Award," which shall consist of a right which is:

(i) denominated in cash or Shares;

(ii) valued, as determined by the Committee, in accordance with the achievement of such Performance Goals during such Performance Periods as the Committee shall establish; and

(iii) payable at such time and in such form (in accordance with Section 409A, if applicable) as the Committee shall determine and specify in the Award Agreement on the date of grant.

(b) *Terms and Conditions*. Subject to the terms of the Plan and the applicable Award Agreement, the Committee shall determine the Performance Goals to be achieved during any Performance Period, the length of any Performance Period, the amount of any target Performance Share-Based Award, and the amount and kind of any final payment or transfer to be made pursuant to any Performance Share-Based Award depending upon achievement of Performance Goals.

(c) *Payment of Performance Share-Based Awards*. Performance Share-Based Awards may be paid in a lump sum or in installments following the close of the Performance Period as set forth in the Award Agreement on the date of grant.

Section 10. Other Share-Based Awards.

(a) *General*. The Committee shall have authority to grant to Participants an "Other Share-Based Award," which shall consist of any right which is:

(i) not an Award described in Sections 6 through 9 above; and

(ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan; provided that any such rights must comply, to the extent deemed applicable by the Committee after consultation with legal counsel, with Rule 16b-3 and applicable law, including Section 409A. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Share-Based Award, including the price, if any, at which securities may be purchased pursuant to any Other Share-Based Award granted under this Plan.

(b) *Dividend Equivalents*. In the sole discretion of the Committee, an Award (other than Options or Stock Appreciation Rights), whether made as an Other Share-Based Award under this Section 10 or as an Award granted pursuant to Sections 8 through 9 hereof, may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities, or other property on a current or deferred basis consistent with Section 409A; *provided,* that in the case of Awards with respect to which any applicable Performance Criteria have not been achieved, dividend equivalents may be paid only on a deferred basis, to the extent the underlying Award vests.

Section 11. Performance Compensation Awards.

(a) *General*. The Committee shall have the authority, at the time of grant of any Award described in Sections 8 through 10 of the Plan, to designate such Award as a Performance Compensation Award in order to qualify such Award as "performance-based compensation" under Section 162(m) of the Code. (Nonqualified Stock Options and Stock Appreciation Rights are automatically "performance-based compensation.")

(b) *Eligibility*. The Committee will, in its sole discretion, designate within the first ninety (90) days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code) which Participants will be eligible to receive Performance Compensation Awards in respect of such Performance Period. Designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Compensation Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance Compensation Award shall be decided solely in accordance with the provisions of this Section 11. Moreover, designation of a Participant eligible to receive an Award hereunder for a particular Performance Period shall not require designation of such Participant as eligible to receive an Award hereunder in any subsequent Performance Period and designation of one person as a Participant eligible to receive an Award hereunder shall not require designation of any other person as a Participant eligible to receive an Award hereunder in such period or in any other period.

(c) *Discretion of Committee with Respect to Performance Compensation Awards*. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) to apply to the Company, and the Performance Formula. Within the first ninety (90) days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 11(c) and record the same in writing.

(d) *Payment of Performance Compensation Awards*.

(i) *Employment Requirement*. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) *Limitation*. A Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that:

(A) the Performance Goals for such period are achieved; and

(B) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Share-Based Award has been earned for the Performance Period.

(iii) *Certification*. Following the completion of a Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant's Performance Compensation Award for the Performance Period and, in so doing, may apply Negative Discretion, if and when it deems appropriate.

(iv) *Negative Discretion*. In determining the actual size of an individual Performance Share-Based Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion if, in its sole judgment, such reduction or elimination is appropriate.

(v) *Timing of Award Payments*. The Awards granted for a Performance Period shall be paid to Participants as soon as administratively possible following completion of the certifications required by this Section 11; *provided* that in no event shall any Award granted for a Performance Period be paid later than ninety (90) days following the end of such Performance Period.

(vi) *Maximum Award Payable*. As provided in Section 4(a) and Section 4(b) hereof, the maximum Awards payable in Shares to any one Participant under the Plan is limited; or, in the event Awards are paid in cash, the amount is limited to the equivalent cash value on the last day of the Performance Period to which such Award relates. Furthermore, any Award that has been deferred (other than Options and Stock Appreciation Rights that cannot be deferred under Section 409A) shall not increase (between the date as of which the Award is deferred and the payment date):

(A) with respect to the Award that is payable in cash, by a measuring factor for each Fiscal Year greater than a reasonable rate of interest set by the Committee prior to the applicable Fiscal Year; or

(B) with respect to an Award that is payable in Shares, by an amount greater than the appreciation of a Share from the date such Award is deferred to the payment date.

Section 12. Amendment and Termination.

(a) *Amendments to the Plan*. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided* that if an amendment to the Plan that:

(i) would materially increase the benefits accruing to Participants under the Plan;

(ii) would materially increase the number of securities which may be issued under the Plan;

(iii) would materially modify the requirements for participation in the Plan; or

(iv) must otherwise be approved by the stockholders of the Company in order to comply with applicable law or the rules of the NASDAQ , or, if the Shares are not traded on the NASDAQ, the principal national securities exchange upon which the Shares are traded or quoted;

such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained; and *provided further,* that any such amendment, alteration, suspension, discontinuance, or termination that would impair the rights of any Participant or any holder or beneficiary of any Award previously granted shall not be effective without the written consent of the affected Participant, holder, or beneficiary. No amendment or other action by the Board shall terminate the Plan except in accordance with Section 409A.

(b) *Amendments to Awards*. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel, or terminate, any Award theretofore granted; *provided* that any such waiver, amendment, alteration, suspension, discontinuance, cancellation, or termination that would impair the rights of any Participant, any holder, or beneficiary of any Award previously granted shall not be effective without the written consent of the affected Participant, holder, or beneficiary and *provided further* that no such actions shall accelerate the time and form of payment of an Award except as permitted in accordance with Section 409A.

(c) *Adjustment of Awards upon the Occurrence of Certain Unusual or Nonrecurring Events*. Subject to Section 409A, the Committee is hereby authorized to make equitable adjustments in the terms and conditions of, and the criteria included in, all outstanding Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(d) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines, after consultation with its advisors, that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) *Repricing*. Subject to Section 409A, except in connection with a corporate transaction or event described in Section 4(d) hereof, the terms of outstanding Awards may not be amended to reduce the exercise price of Options or the grant price of Stock Appreciation Rights, or cancel Options or Stock Appreciation Rights in exchange for cash, other awards or Options or Stock Appreciation Rights with an exercise price or grant price, as applicable, that is less than the exercise price of the original Options or grant price of the original Stock Appreciation Rights, as applicable, without stockholder approval.

Section 13. Change of Control.

(a) Except as otherwise provided in an Award Agreement or by the Committee in a written resolution at the date of grant, to the extent outstanding Awards granted under this Plan are not assumed, converted, or replaced by the resulting entity in the event of a Change of Control, all outstanding Options and Stock Appreciation Rights shall become fully exercisable, all restrictions with respect to outstanding Awards shall lapse and become vested and non-forfeitable, and any specified Performance Goals with respect to outstanding Awards shall be deemed to be satisfied at target; *provided* that payment of Restricted and Performance Share-Based Awards or Performance Compensation Awards shall be made in accordance with Section 13(d).

(b) Except as otherwise provided in an Award Agreement or by the Committee in a written resolution at the date of grant or thereafter, to the extent outstanding Awards granted under this Plan are assumed, converted, or replaced by the resulting entity in the event of a Change of Control:

(i) any outstanding Awards that are subject to Performance Share-Based Goals shall be converted by the resulting entity as if target performance had been achieved as of the date of the Change of Control;

(ii) each Performance Share-Based Award or Performance Compensation Award with service requirements shall continue to vest with respect to such requirements during the remaining period set forth in the Award Agreement; and

(iii) all other Awards shall continue to vest (and/or the restrictions thereon shall continue to lapse) during the remaining periods set forth in the Award Agreement.

(c) Except as otherwise provided in an Award Agreement or by the Committee in a written resolution at the date of grant or thereafter, to the extent outstanding Awards granted under this Plan are either assumed, converted, or replaced by the resulting entity in the event of a Change of Control, if a Participant’s employment or service is terminated without Cause by the Company or an Affiliate or a Participant terminates his employment or service with the Company or an Affiliate for Good Reason (if applicable), in either case, during the twelve- (12-) month period following a Change of Control, all outstanding Options and Stock Appreciation Rights held by the Participant shall become fully exercisable and all restrictions with respect to outstanding Awards shall lapse and become vested and non-forfeitable.

(d) Notwithstanding anything in this Plan or any Award Agreement to the contrary, to the extent any provision of this Plan or an Award Agreement would cause a payment of nonqualified deferred compensation that is subject to Section 409A to be made upon the occurrence of:

(i) a Change of Control, then such payment shall not be made unless such Change of Control also constitutes a "change in ownership," "change in effective control," or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A; or

(ii) a termination of employment or service, then such payment shall not be made unless such termination of employment or service also constitutes a Separation from Service.

Any payment that does not comply with the preceding sentence shall be made in accordance with the payment schedule that would have applied in the absence of a Change of Control or termination of employment or service, but disregarding any performance requirements and substituting the passage of time for any future service requirements and any Performance Periods. If a Change of Control constitutes a "change of control" within the meaning of Section 409A, payment shall be made in a lump sum within ten (10) business days following the Change of Control unless the Award Agreement specifies otherwise. If a termination following a Change of Control qualifies as a Separation from Service, distribution will be made in a lump sum within sixty (60) days following the Separation from Service date unless the Award Agreement specifies otherwise.

Section 14. <u>General Provisions</u>.

(a) *<u>Nontransferability</u>*.

(i) Each Award, and each right under any Award, shall be exercisable only by the Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative.

(ii) No Award may be sold, assigned, alienated, pledged, attached, or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported sale, assignment, alienation, pledge, attachment, transfer, or encumbrance shall be void and unenforceable against the Company or any Affiliate; *provided* that the designation of a beneficiary shall not constitute a sale, assignment, alienation, pledge, attachment, transfer or encumbrance.

(b) *<u>No Rights to Awards</u>*. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, holders, or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

(c) *Share Restrictions*. Shares or other securities of the Company delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates or cause its transfer agent to put a legend or legends on book-entry Shares to make appropriate reference to such restrictions.

(d) *Withholding*.

(i) A Participant may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due, or transfer made under any Award or under the Plan, or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise, or any payment, or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(ii) Without limiting the generality of clause (i) above, a Participant may satisfy, in whole or in part, the foregoing withholding liability by delivery of Shares owned by the Participant (which are not subject to any pledge or other security interest and which have been owned by the Participant for at least six (6) months and acquired other than through an Incentive Stock Option) with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Shares otherwise issuable pursuant to the exercise of the Option a number of Shares with a Fair Market Value equal to such withholding liability.

(d) *Award Agreements*. Each Award hereunder shall be evidenced by an Award Agreement which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including but not limited to the effect on such Award of the death, disability, or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Committee.

(e) *Electronic Delivery and Acceptance*. The Company may electronically deliver documents related to current or future participation in the Plan and may request Participants' consent to participate by electronic means. Participants may consent to receive documents by electronic delivery and agree to participate in the Plan through the Company's on-line system or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.

(f) *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted stock, shares and other types of awards provided for hereunder (subject to stockholder approval if such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(g) *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or in any consulting relationship to, or as a director on the Board or board of directors, as applicable, of, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in any applicable employment contract or agreement.

(h) *No Rights as Stockholder*. Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Shares hereunder, the applicable Award shall specify if and to what extent the Participant shall not be entitled to the rights of a stockholder in respect of such Restricted Shares.

(i) *Governing Law*. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware, applied without giving effect to its conflict of laws principles.

(j) *Severability*. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(k) *Other Laws*. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder, or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder, or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal securities laws.

(l) *No Trust or Fund Created*. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(m) *No Fractional Shares*. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(n) *Deferrals*. In the event the Committee permits a Participant to defer any Award payable in the form of cash, all such elective deferrals shall be accomplished by the delivery of a written, irrevocable election by the Participant on a form provided by the Company. All deferrals shall be made in accordance with administrative guidelines established by the Committee to ensure that such deferrals comply with all applicable requirements of Section 409A.

(o) *Beneficiary Designations*. Each Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in the event of his death before he receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Committee during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid or rights remaining unexercised at the Participant's death shall be paid to, or exercised by, the Participant's executor or legal representative.

(p) *Headings.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 15. **Compliance with Section 409A**.

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A, so that the early income inclusion and additional tax, penalty, and interest provisions do not apply to Participants. This Plan and any grants made hereunder shall be administered in a manner consistent with this intent.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Affiliates.

(c) If, at the time of a Participant's Separation from Service, (i) the Participant shall be a Specified Employee and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) and that no exemption or exclusion shall apply, the payment of which is required to be delayed pursuant to the six- (6-) month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, with interest, on the earlier of the first business day of the seventh month following the Separation from Service date or within sixty (60) days following the date of death.

(d) Notwithstanding any provision of this Plan and grants hereunder to the contrary, if permitted under Section 409A, the Company shall amend this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

Section 16. Term of the Plan.

(a) *Effective Date*. The Plan shall be effective as of the date of its approval by the Board (the *"Effective Date"*), subject to approval of the Plan by the stockholders of the Company.

(b) *Expiration Date*. No grant will be made under this Plan more than ten (10) years after the Effective Date, but all grants made on or prior to such Effective Date will continue in effect thereafter subject to the terms thereof and of this Plan.

* * *

Exhibit 31.1

Certification of the Principal Executive Officer
Pursuant to Rule 13a-14(a) and 15d-14(a)

I, Harold S. Edwards, Chief Executive Officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Limoneira Company (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

June 11, 2012

/s/ Harold S. Edwards
Harold S. Edwards,
Director, President, and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer
Pursuant to Rule 13a-14(a) and 15d-14(a)

I, Joseph D. Rumley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Limoneira Company (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

June 11, 2012

/s/ Joseph D. Rumley
Joseph D. Rumley,
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the period ended April 30, 2012 (the "Report") of Limoneira Company (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Harold S. Edwards, Chief Executive Officer of the Registrant, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

June 11, 2012

/s/ Harold S. Edwards
Harold S. Edwards,
Director, President, and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the period ended April 30, 2012 (the "Report") of Limoneira Company (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Joseph D. Rumley, Chief Financial Officer of the Registrant, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

June 11, 2012

/s/ Joseph D. Rumley
Joseph D. Rumley,
Chief Financial Officer
(Principal Financial and Accounting Officer)