

EXHIBIT “F”
MAP & TITLE (WILLOW SPRINGS)
2 of 3

RECORDING REQUESTED BY:
STEWART TITLE

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO
AND MAIL TAX STATEMENTS TO

NAME CAL-ORGANIC FARMS
ADDRESS 12000 Main Street
Lamont, Ca. 93241
CITY Attn: Danny Duncan
STATE & ZIP

James Maples, Assessor-Recorder
Kern County Official Records

DOCUMENT #: 0198065213



PATTI
Pages: 2
5/19/1998
8:00:00

Fees . . . 30.00
Taxes . . . Conf . .
Other
TOTAL
PAID . . . 30.00

Stat Types: 1

GRANT DEED

TITLE ORDER NO. 01192480 ESCROW NO. 98113813 APN NO. 346-031-08-00-1

THE UNDERSIGNED GRANTOR(s) DECLARE(s) see tax statement attached
DOCUMENTARY TRANSFER TAX is \$ CITY TAX \$
☐ computed on full value of property conveyed, or ☐ computed on full value less value of liens or encumbrances remaining at time of sale,
☐ Unincorporated area: ☐ City of _____, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
WILLOW SPRINGS FARM COMPANY, INC., a Nevada corporation

hereby GRANT(s) to DANIEL C. DUNCAN and SUSAN G. DUNCAN as Trustees of the D.C. DUNCAN
FAMILY TRUST DATED JANUARY 23, 1995, as to an undivided one-half interest; and
MICHAEL B. DUNCAN, a married man as his sole and separate property as to an undivided
one-half interest

the following described real property in the County of Kern State of California:

as per attached legal description

Dated April 27th
2000, 1998

WILLOW SPRINGS FARM COMPANY, INC.
a Nevada corporation

Mamoru Nakamura
MAMORU NAKAMURA
President

Japan
Prefecture of Okinawa
City of Naha
Consulate General of the
United States of America
COUNTY OF _____) s.s.

On April 27, 1998 before me, Mark Seibel, Vice Consul
(here insert name and title of the officer), personally appeared Nakamura, Mamoru

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Mark W. Seibel

DOCUMENT PROVIDED BY STEWART TITLE OF CALIFORNIA Mark W. Seibel

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Kern, in an unincorporated area, described as follows:

ALL OF SECTION 29, TOWNSHIP 10 NORTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 10 NORTH, RANGE 13 WEST, SAN BERNARDINO BASE AND MERIDIAN, DESCRIBED IN DEED RECORDED IN BOOK 2762, PAGE 515 OF OFFICIAL RECORDS OF KERN COUNTY LYING WITHIN A STRIP OF LAND 250 FEET IN WIDTH, THE SIDELINES OF SAID STRIP OF LAND BEING PARALLEL WITH AND DISTANT SOUTHEASTERLY 75 FEET AND NORTHWESTERLY 175 FEET, MEASURED AT RIGHT ANGLES, FROM THAT CERTAIN LINE DESCRIBED IN LIS PENDENS IN SUPERIOR COURT CASE NO. 52961, RECORDED IN BOOK 1598, PAGE 429 OF SAID OFFICIAL RECORDS, A PORTION OF THAT SAID CERTAIN LINE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 29 DISTANT THEREON NORTH $89^{\circ}56'24''$ WEST, 974.31 FEET FROM AN IRON PIPE WITH BRASS CAP SET TO MARK THE SOUTHEAST CORNER OF SAID SECTION 29; THENCE FROM A SAID POINT OF BEGINNING NORTH $28^{\circ}35'36''$ EAST, 2034.33 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29 DISTANT THEREON SOUTH $0^{\circ}00'54''$ EAST, 863.30 FEET FROM AN IRON PIPE WITH BRASS CAP SET TO MARK THE EAST QUARTER CORNER OF SAID SECTION 29, THE SIDELINES OF SAID STRIP OF LAND BEING PROLONGED AND SHORTENED RESPECTIVELY SO AS TO BEGIN AND TERMINATE IN THE SAID SOUTH AND EAST LINES OF SECTION 29, AS DESCRIBED IN LIS PENDENS IN SUPERIOR COURT FOR THE COUNTY OF KERN, CASE NO. 98058, RECORDED JANUARY 13, 1967 IN BOOK 4010, PAGE 924 OF OFFICIAL RECORDS AND FINAL ORDER OF CONDEMNATION RECORDED MARCH 30, 1970 IN BOOK 4382, PAGE 531 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM THE NORTHEAST QUARTER OF SAID SECTION 29, 1/4TH INTEREST IN AND TO ALL OIL, GAS, OR OTHER HYDROCARBONS AND MINERALS IN AND UNDER SAID LAND, AS PROVIDED IN THE DEED FROM DONALD E. KAY AND HELEN L. KAY, HUSBAND AND WIFE, RECORDED NOVEMBER 25, 1952 IN BOOK 2008, PAGE 383 OF OFFICIAL RECORDS.

COMMONLY KNOWN AS: IRRIGATED LAND

RECORDING REQUESTED BY:
STEWART TITLE OF CALIFORNIA, INC.

WHEN RECORDED MAIL TO:

Michael B. Duncan
9805 Oak Knoll Court
Bakersfield, Ca 93241

James Maples, Assessor-Recorder
Kern County Official Records

PATTI
Pages: 2
5/19/1998
8:00:00

DOCUMENT #: 0198065214



Fees 10 00
Taxes
Other
TOTAL
PAID 10 00

ORDER NO. 01192480
ESCROW NO. 98113813

SPACE ABOVE THIS LINE FOR Stat Types: I

INTERSPOUSAL GRANT DEED
INDIVIDUAL GRANT DEED (Excluded from Reassessment Under Proposition 13)

The undersigned grantor(s) declare(s):

A.P.N.: APN 346-31-8/10/11

Documentary transfer tax is \$ None Due

THERE IS NO CONSIDERATION FOR THIS TRANSFER

This is an INTERSPOUSAL TRANSFER under Section 63 of the Revenue & Taxation Code.

() From joint tenancy to community property.

() From one spouse to both spouses.

(X) From one spouse to the other spouse.

() From both spouses to one spouse.

() Other

GRANTOR: JENNIFER DAWN DUNCAN, wife of the grantee

heroby GRANTS to MICHAEL B. DUNCAN, a married man, as his sole and separate property

the following described real property in the
County of , State of CA

SEE ATTACHED EXHIBIT "A"

This Deed is given to carry out the mutual desire and agreement of the parties hereto that said property shall become vested in the name of grantee herein as his/her separate property and relinquish any community property right interest of grantor hereto.

DATE: May 4th, 1998

STATE OF CALIFORNIA

COUNTY OF Kern

On May 4, 1998, before me, Tina Duncanson, Notary Public, personally appeared Jennifer Dawn Duncan

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s), whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature



(This area for official notarial seal)

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Kern, in an unincorporated area, described as follows:

ALL OF SECTION 29, TOWNSHIP 10 NORTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

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ALSO EXCEPTING FROM THE NORTHEAST QUARTER OF SAID SECTION 29, 1/4TH INTEREST IN AND TO ALL OIL, GAS, OR OTHER HYDROCARBONS AND MINERALS IN AND UNDER SAID LAND, AS PROVIDED IN THE DEED FROM DONALD E. KAY AND HELEN L. KAY, HUSBAND AND WIFE, RECORDED NOVEMBER 25, 1952 IN BOOK 2008, PAGE 383 OF OFFICIAL RECORDS.

COMMONLY KNOWN AS: IRRIGATED LAND

COPY

AGRICULTURAL LEASE

This AGRICULTURAL LEASE (this "Lease"), is by and among Daniel C. Duncan and Susan G. Duncan, both individually and as husband and wife; Daniel C. Duncan and Susan G. Duncan, as Trustees of the D.C. Duncan Family Trust dated June 23, 1995; Michael B. Duncan; and B.W. Duncan and Carol F. Duncan, as Trustees of the B. and C. Duncan Living Trust dated July 24, 1978 (each, a "Landlord"), on the one hand, whose mailing address is:

c/o 10409 Red Bridge Way
Bakersfield, CA 93311
Telephone: (661) 822-9586
Facsimile: (661) 822-9588.

and CAL-ORGANIC VEGETABLE COMPANY, a California corporation ("Tenant"), on the other hand, whose mailing address is:

Post Office Box 81498,
Bakersfield, CA 93380-1498
Telephone: (661) 845-5275
Facsimile: (661) 845-5262.

RECITALS

A. Landlords are the owners of record of certain real property situated in Kern and Riverside counties, California.

B. Landlords wish to lease such real property to Tenant, together with all rights, privileges, and easements appurtenant thereto.

C. Tenant, on the one hand, and Tri-Duncan Farms, a California general partnership, Healthy Fresh, Inc., a California corporation, Organic Choice, LLC, a California limited liability company, Daniel C. Duncan, an individual, Susan G. Duncan, an individual, Michael B. Duncan, an individual, Jennifer D. Duncan, an individual, Bert W. Duncan, an individual, and Carol F. Duncan, an individual, on the other hand, have entered into that certain Asset Purchase Agreement (the "Asset Purchase Agreement"), dated as of May 4, 2001, pursuant to which Tenant has purchased, and Seller has sold, among other things, certain real property located in the County of Kern, State of California, having APN # 187-030-18 and which real property is the subject of Parcel Map No. 10757 (the "Subdivided Parcel"), which parcel map has not yet been recorded. Pursuant to the Asset Purchase Agreement, Tenant is required to use reasonable best efforts to complete a subdivision of the Subdivided Parcel. Concurrently with the execution of this Lease, Tenant, as seller, and Daniel C. Duncan and Susan G. Duncan, as husband and wife (the "Duncans"), as purchaser, have entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (the "Farmland Portion Purchase Option") pursuant to which the Duncans were granted an option to purchase that real property identified as Parcel 2 of such Parcel Map 10757 (the "Farmland Portion"), subject to the prior recordation of such Parcel Map 10757 and the completion of the subdivision of the Subdivided Parcel contemplated thereby.

D. Landlords and Tenant agree that if the Duncans acquire the Farmland Portion, the Farmland Portion will automatically, without any requirement for further action by any party, become a part of the "Premises" leased to Tenant hereunder.

AGREEMENT

Section 1. PREMISES. Landlords do hereby lease to Tenant all of the real property described in Exhibit A (collectively, along with any and all water rights associated therewith, the "Premises") consisting of approximately 4,538.52 gross acres of farmland located in Kern and Riverside counties. Tenant acknowledges that there may not be 4,538.52 acres available for farming, and that it has conducted its own independent inspection of the Premises and is satisfied with the number of acres available for farming. Notwithstanding the foregoing, (i) Landlords and Tenant agree and acknowledge that, until the occurrence of the events described in Recitals C and D

Y903
above, no part of the Subdivided Parcel will be a part of the Premises even though the Subdivided Parcel is listed on Exhibit A hereto, and that immediately upon the occurrence of such events, the Farmland Portion will immediately, and without the need for any action by any party hereto become and constitute part of the Premises, and (ii) in the event that the Agricultural Lease and Security Agreement, dated September 30, 1997, between Sycamore Villas LLC and Tri-Duncan, as amended or supplemented to date, expires or is terminated, Tenant may, at its option, elect that those portions of the Premises identified on Exhibit A as the "Arvin East" parcel no longer constitute a portion of the Premises. Upon such election, the rent due in respect of the Arvin Ranch (as reflected on Exhibit C) will be appropriately reduced on an acreage basis, and any pre-paid rent allocable to the Arvin East parcel will be immediately credited to Tenant by Landlords.

Section 2. LANDLORDS' REPRESENTATIONS AND WARRANTIES.

(a) Landlords represent and warrant that:

(i) they are the owners of the Premises, free and clear of all liens and encumbrances, except those identified in the various preliminary title reports issued by Chicago Title Insurance Company that are identified in Exhibit B-1, and property taxes not yet due;

(ii) the exceptions to title specified on Exhibit B-2 that are contained in the various preliminary title reports issued by Chicago Title Insurance Company identified therein have either been (i) removed or (ii) made subordinate to the rights of Tenant (including, without limitation, rights of occupancy and possession, and all rights related to the Purchase Option (defined below)) under this Lease pursuant to the execution by all applicable parties of a Subordination and Recognition Agreement substantially in the form of Exhibit F hereto, as applicable;

(iii) each Landlord has the power and authority to enter into this Lease;

(iv) each Landlord's execution of this Lease does not constitute a breach of, or an event of default under, any provision of any lease or any other agreement to which such Landlord may be subject;

(v) the terms and conditions of this Lease do not violate any laws, rules, orders or judgments imposed by any governmental entity with jurisdiction over the Premises or by any court; and

(vi) the Premises are certified for the growing of organic crops under the provisions of the California Organic Foods Act of 1990 and the requirements of California Certified Organic Farms, other than those portions of the Premises identified on Exhibit D, which are currently undergoing such certification process and are expected to be so certified on or before the respective dates set forth on such Exhibit D.

(b) Subject to Section 2(a)(vi), Landlords make no warranty of (i) the soil's suitability for growing crops; (ii) the absence of deleterious organisms in the soil; (iii) the prevailing climatic conditions and/or (iv) except as set forth herein, other factors that might pertain to the ability to successfully produce crops.

Section 3. RENT.

(a) The aggregate annual rent payable by Tenant to Landlords during the Term (as defined below) is set forth on Exhibit C and is based on the number of gross acres in each growing area, as determined by applicable real property tax assessments. If the Term of this Lease is extended pursuant to Section 4(b) only with respect to a portion of the Premises, Tenant will only be obligated to pay the applicable rental amount for such portion of the Premises set forth on Exhibit C during such extended Term. If a Purchase Option (as defined in Section 5) is exercised pursuant to Section 5 with respect to only a portion of the Premises, as of the close of escrow (or as of the effective time of any other mechanism for transferring title) relating to the purchase of such portion, Tenant will only be obligated to pay the applicable rental amount set forth on Exhibit C with respect to the portion

or portions of the Premises (exclusive of the purchased portion of the Premises) then leased to Tenant under this Lease.

(b) The annual rent for the Premises shall be due on June 30 of each year.

(c) All rent payable hereunder (and all other moneys and charges payable by Tenant to Landlords hereunder) shall be paid by Tenant in one payment by check to a single payee designated by Landlords at Landlords' address for notices hereunder, or to a single account designated in writing by Landlords, in lawful money of the United States of America, or to such other person or at such other place as the Landlords may from time to time designate by notice in writing to Tenant.

Section 4. TERM.

(a) Unless extended or earlier terminated pursuant to the terms hereof, the term of this Lease (the "Term") will commence on the date hereof and will conclude on December 31, 2005 (the "Initial Term Termination Date"). The Term of this Lease may be extended for up to three (3) succeeding terms of five (5) years each, at the option of Tenant, by providing notice to Landlords of its intention to extend the Term not less than ninety (90) days before expiration of the then-current Term; *provided, however*, that Landlords has the right to refuse to extend the term if, as of the expiration of the then-current Term, (i) Tenant has been in receipt of a notice of default from Landlords for at least 30 days, and (ii) Tenant remains in default under this Lease as of the date of such notice of Tenant's intention to extend; and *provided, further*, that nothing in this Lease shall be interpreted as requiring Tenant to extend the Term of this Lease. Subject to the immediately preceding sentence, Tenant may, at its option, extend the Term of this Lease with respect to all or a portion of the Premises which portion will forthwith constitute all of the "Premises" leased hereunder; *provided, however*, that, unless Landlords agree in writing, the Term of this Lease may not be extended with respect to a portion of any "Ranch" described on Exhibit A.

(b) This Lease will automatically terminate as to any portion of the Premises upon the close of escrow (or other mechanism for transferring title) for any such portion of the Premises purchased by Tenant pursuant to Tenant's exercise of its Purchase Option.

(c) Notwithstanding anything to the contrary contained herein, Tenant may hold over any acreage for the purpose of harvesting crops growing thereon without any penalty or cost until March 15 of the calendar year following termination of the Term. Any portion of the Premises held over after such March 15 will be subject to the obligation to pay rent equal to the pro rata portion of the annual rent for the entire Premises (based the percentage that the acreage of the portion held over constitutes of the Premises as a whole) *times* the number of days held over after such March 15 *divided by* 365.

Section 5. PURCHASE OPTION.

(a) Landlords hereby grant to Tenant, and Tenant hereby accepts, options to purchase (collectively, the "Purchase Option"), from time to time after the Initial Term Termination Date, all or any portion of the Premises free and clear of any liens and encumbrances (other than (i) liens for property taxes not yet due, and (ii) encumbrances indicated on Exhibit B-2 as being "purchased encumbrances"); *provided, however*, that the Purchase Option (which may be exercised on any number of occasions during the Term of this lease) may only be exercised with respect to one or more entire "Ranches" described on Exhibit A, and not to any portion of any such Ranch; *provided, further*, that, notwithstanding the immediately preceding proviso, the Purchase Option may be exercised with respect to the Farmland Portion only after the Farmland Portion has become part of the Premises, without exercising such Purchase Option with respect to the entire Home Ranch; and *provided, further*, that the subsurface mineral rights owned by B.W. Duncan on APN 189-340-22 will not constitute part of the Premises for purposes of the Purchase Option and will be reserved to B.W. Duncan upon the exercise of the Purchase Option, and *provided, further*, that if the Purchase Option is exercised with respect to a portion of the Premises containing the parcel described as "Ha's Ranch" on Exhibit A, Tenant will be obligated to purchase, and Landlord will be obligated to sell, the entirety of the parcel described by APN 376-012-05 at a price of \$5000.00 per acre. Any portion of the Premises purchased pursuant to the exercise of the Purchase Option will no longer be considered part of the "Premises" hereunder.

(b) The price for any purchase of land pursuant to an exercise of the Purchase Option (the "Purchase Price") will be:

(i) \$6,500 per acre for any portion of the Premises indicated as being located in the Arvin Area on Exhibit A;

(ii) \$6,500 per acre for any portion of the Premises indicated as being located in the Lamont Area on Exhibit A;

(iii) \$5,000 per acre for any portion of the Premises indicated as being located in the Tehachapi Area on Exhibit A;

(iv) \$4,500 per acre for any portion of the Premises indicated as being located in the Antelope Valley Area on Exhibit A (except for that portion of the Premises discussed in Section 5(b)(vi));

(v) \$9,000 per acre for any portion of the Premises indicated as being located in the Coachella Area on Exhibit A; and

(vi) \$2,500 per acre for any portion of the Premises indicated as being located on the Calandri Ranch on Exhibit A,

subject, in each case, to annual increases or decreases (on each 12 month anniversary of the date of this Agreement) equivalent to the increases or decreases in the Consumer Price Index (as defined in Exhibit C) for the same period, up to a maximum increase or decrease of 3.00% per year, as further specified in Exhibit C. For purposes of calculating the Purchase Price with respect to any portion of the Premises, the number of acres in such portion will be the number of acres reflected in the assessed acreage of such portion on the tax records regarding such portion.

(c) The Purchase Option with respect to any portion of the Premises not purchased by Tenant will terminate simultaneous with the termination of this Lease.

(d) If this Lease is terminated as to a portion of the Premises such portion will not be subject to any restrictions on use otherwise imposed on the Premises by this Lease.

(e) *Exercise.*

(i) In order to exercise a Purchase Option, Tenant must give written notice of such election to Landlords at least 90 days prior to the date that this Lease would otherwise expire or terminate with respect to the applicable portion of the Premises.

(ii) Promptly following the receipt of such notice by Landlords, the parties will enter into a written purchase agreement substantially in the form of Exhibit E hereto (or in any other form that the parties may mutually agree upon) and open escrow for the handling of the transaction.

(iii) Landlords and Tenant will share equally all reasonable costs in connection with any purchase made pursuant to the Purchase Option, including title, escrow, and recording fees, in accordance with the custom in Kern County, provided, however, that Landlords will pay for a CLTA title insurance policy underwritten by a carrier reasonably acceptable to Tenant covered the purchased land.

(f) Landlords will credit (on a pro rata basis based on assessed acreage and the applicable rental rates in Exhibit C) any rent paid in respect of any portion of the Premises for any period following the closing of the purchase of such Premises pursuant to Tenant's exercise of its Purchase Option against the Purchase Price of such portion.

(g) If Tenant sells all or any portion of the Premises purchased pursuant to an exercise of the Purchase Option within ten years of such exercise, Tenant will remit 50% of the net profit, if any, derived by Tenant

from such sale *minus* an amount equal to a 10% annual return on the Purchase Price paid by Tenant to Landlords for such purchase for the period beginning on the date of such exercise and ending on the date of the applicable sale. "Net profit" means, for purposes of the preceding sentence, the net amount received by Tenant in consideration of the sale of such Premises, after deduction of all: (i) transfer and other transaction-related taxes, broker fees, legal fees, inspection fees, escrow agent charges, and all other charges and fees incurred by Tenant in connection with such sale, (ii) all costs incurred and monies expended in improving (exclusive of any maintenance costs) such Premises, and all structures and fixtures thereon, during the period from the date of the purchase of such Premises to the date of the sale of such Premises, and (iii) the purchase price paid by Tenant in purchasing such Premises. Notwithstanding the foregoing, in the event of a sale of all or any portion of the Premises as part of a larger transaction involving the sale of all or any substantial part of Tenant's (or any affiliate of Tenant's) business, in no event will Landlords be entitled to any share of any portion of any purchase price or other amount paid to Tenant in connection with such transaction.

Section 6. TERMINATION CREDIT.

(a) If Daniel C. Duncan's employment with Tenant (or any affiliate of Tenant) ceases during the initial term of the Employment Agreement, dated as of March 4, 2001, between Cal-Organic Vegetable Company and Daniel C. Duncan, due to a voluntary resignation of Daniel C. Duncan or a termination of Daniel C. Duncan's employment for "Cause" (as defined in such Employment Agreement), then Landlords will be deemed to have granted to Tenant, and Tenant will automatically receive, a credit in the amount of \$5,000,000 (the "Termination Credit").

(b) The Termination Credit may be applied, at the election of Tenant, to payments of rent pursuant to Section 3 and/or to payments of the Purchase Price pursuant to any exercise of the Purchase Option. The unused portion of the Termination Credit will accrue interest at an annual rate of 8% (or, if lower, at the maximum rate allowed by applicable law) and such interest will be applied to increase the unused portion of the Termination Credit.

Section 7. IRRIGATION FACILITIES.

(a) All Irrigation Facilities (as defined below) have been purchased by Tenant pursuant to the Asset Purchase Agreement. Upon termination of this Lease with respect to all or a portion of the Premises, except a termination pursuant to Section 4(b), the ownership of the Irrigation Facilities (other than the removable pumping equipment or other irrigation equipment installed by Tenant pursuant to Section 7(j) or 7(k)) located on or serving the Premises (or any portion thereof) with respect to which the Lease has been terminated, will revert to the applicable Landlord without compensation to Tenant.

(b) The installation of any Irrigation Facilities by any Landlord on any of the Premises will not cause the rent payable hereunder with respect to such portion of the Premises to be increased, unless agreed to in writing between Landlords and Tenant.

(c) As used herein, the term "Irrigation Facilities" means those non-portable irrigation facilities located on, or serving the Premises, including wells, pumps affixed to the Premises, turnouts, pipelines affixed to the premises, ditches and reservoirs.

(d) Notwithstanding any other provision of this Lease, in the event that the Irrigation Facilities revert to Landlords, such Irrigation Facilities shall be returned in good and operable condition and in substantially the same condition as when received by Tenant, subject to normal and reasonable wear and tear. The immediately preceding sentence will not apply to any collapse of or damage to any well if Tenant (or any of its agents or employees) was not the direct cause of such collapse or damage. Notwithstanding the foregoing, Landlords will replace any collapsed or failed water wells on the Premises (except for water wells constructed by Tenant pursuant to subsection 7(j) or subsection 7(k)) with newly-drilled and constructed, substantially equivalent water wells located as close as practicable to the applicable collapsed or failed water well. For purposes of the immediately preceding sentence, a "failed" water well is a water well that has sustained damage and cannot, in Tenant's reasonable determination, economically be repaired, and the immediately preceding sentence will not apply to any

collapse of or damage to any well if Tenant's gross negligence or willful misconduct was the direct cause of such collapse or damage.

(e) In no event shall Landlords be liable to Tenant for any damages incurred by Tenant as a result of failure of any well, pump or other part of the Irrigation Facilities. Further, Landlords shall not be liable for any loss of profit or consequential damages resulting from the unavailability of water, water quality or failure of irrigation facilities.

(f) Landlords do not make any warranties or representations as to the quantity and the quality of water furnished to the Premises and Tenant has made its own investigation as to the suitability of the growing conditions of the Premises and the availability and the quality of the water furnished thereto.

(g) *[Intentionally omitted.]*

(h) Within a reasonable period of time after the execution of this Lease, Landlords will complete the drilling, construction, and installation of an operating water well and related pumping equipment on the Cummins Valley Horse portion of the Tehachapi Ranch (described on Exhibit A), construction of which is currently underway, which well and equipment will constitute a portion of the Premises or fixtures thereupon leased by Tenant hereunder. Thereafter, the Purchase Price solely for that portion of the Premises constituting the Cummins Valley Horse Ranch will be increased by an amount equal to Landlords' cost of drilling, constructing and installing such water well and purchasing such pumping equipment.

(i) Within a reasonable period of time after the execution of this Lease, Landlords will complete the drilling, construction, and installation of an operating water well and related pumping equipment on the Snodgrass portion of the Tehachapi Ranch (described on Exhibit A), which construction is currently underway, which well and equipment will constitute a portion of the Premises or fixtures thereupon leased by Tenant hereunder.

(j) Tenant has the right to cause to be drilled, constructed and installed, at its expense, water wells on any portion or portions of the Premises. Upon the termination of this Lease as to any portion of the Premises containing such a water well, Landlords may, at their option, purchase any removable pumping equipment or other irrigation equipment installed by Tenant in connection with the exploitation of such water well (which equipment shall not constitute fixtures hereunder) at Tenant's cost of drilling, constructing and installing such water well and acquiring such equipment.

(k) Tenant has the right to refurbish and operate the existing deep water well on the Rosamond Ranch (described on Exhibit A), at its expense. Upon the termination of this Lease as to the Rosamond Ranch, Landlords may, at their option, purchase any removable pumping equipment or other irrigation equipment installed by Tenant in connection with the exploitation of such water well (which equipment shall not constitute fixtures hereunder) at Tenant's cost of refurbishing such water well and acquiring such equipment.

(l) Tenant has the right to install an engine and related pumping equipment on the existing deep water well on the Willow Springs Ranch (described on Exhibit A). Upon the termination of this Lease as to the Willow Springs Ranch, Landlords may, at their option, purchase such engine and equipment at Tenant's cost of acquisition.

(m) Tenant acknowledges that it will have use of two operating wells and ancillary irrigation facilities on the portions if the premises identified as being on the "Calandri Ranch" portion of the Rosamond Ranch on Exhibit A, as follows: Tenant will have use of one of such operating wells and ancillary irrigation facilities after December 31, 2000, and of the other operating well and ancillary irrigation facilities after December 31, 2002.

Section 8. FARMING OPERATIONS.

(a) Subject to the other provisions of this Section 7, Tenant shall utilize the Premises for the growing of crops and incidental uses thereto and is authorized to take all actions deemed necessary to conduct its farming operations.

(b) All operations incidental to Tenant's use of the Premises shall be carried on in accordance with good organic farming practices utilized in the region and Tenant shall take all actions necessary to maintain the Premises as certified for growing of organic crops under the provisions of California Organic Foods Act of 1990 and the requirements of California Certified Organic Farms and National Organic Program pursuant to Organic Foods Protection Act of 1990 (7 CFR Part 205), in each case as amended or supplemented. In the event of default by Tenant to do so, Landlords reserve the right, after having given thirty (30) days notice, to take necessary remedial measures at the expense of Tenant, for which Tenant shall reimburse Landlords on demand. To the extent that agricultural chemicals can be used in compliance with the foregoing, such chemical usage shall be in accordance with all laws governing the use of agricultural chemicals.

(c) Tenant shall take appropriate actions to minimize irrigation water from escaping on to adjoining lands or public highways and will indemnify, defend, and hold Landlords harmless from any liability arising therefrom. Tenant acknowledges that it is familiar with the Premises and the possibility of flooding from many causes, including both natural and human-related causes in the construction or maintenance of waterways or ditches and Tenant assumes the risk of damage from flooding and waives any right to make a claim against Landlords except where flooding is directly caused by any Landlord.

(d) Reasonable efforts will be made by Tenant to minimize the use by the general public and unauthorized individuals of private roads located on the Premises. Tenant shall maintain the roadways located on the Premises and the approaches to the Premises, including, but not limited to, all fences and roadways and shall surrender the Premises with such roadways and approaches in substantially the same condition as when received, subject to normal and reasonable wear and tear.

(e) Tenant will make reasonable efforts to minimize the spread of noxious weeds, rodents and other vertebrate pests on the Premises. Further, Tenant will make reasonable efforts to minimize and remove as necessary, the accumulation of any rubbish or waste on the Premises. In the event of default by Tenant to do so, Landlords reserve the right after having given thirty (30) days notice, to take necessary remedial measures at the expense of Tenant, for which Tenant shall reimburse Landlords on demand.

(f) Upon the termination of this Lease, unless terminated pursuant to Section 4(c), Tenant shall have any equipment yard erected by Tenant removed from the Premises and shall restore this portion of the Premises to its condition prior to erection of such equipment yard.

Section 9. ACCEPTANCE OF PREMISES. By entering into this Lease, Tenant accepts the Premises in its present condition as Tenant has made such inspections of the Premises as Tenant deems necessary to evaluate the Premises and its suitability for Tenant's farming operations, including an assessment of the soil condition; *provided, however*, that nothing in the foregoing will diminish Tenant's right to rely on Landlords' representations and warranties.

Section 10. RELATIONSHIP OF PARTIES. This Lease shall not be construed as creating a relationship of principal and agent or of a joint venture, partnership or other business association between any Landlord and Tenant, it being understood and agreed that no provisions contained in this Lease, nor any acts of the parties hereto, shall be deemed to create any relationship other than that as specified herein.

Section 11. FARMING EXPENSES. Tenant shall pay for all the obligations and costs incurred in the farming of the Premises, including, without limitation, utilities, labor, seed, pesticides, machinery, water delivery, and water standby charges, except as otherwise provided for herein.

Section 12. WASTE. Tenant shall not unreasonably commit, or permit others under Tenant's control to commit, waste on the Premises or a nuisance or any other act that could disturb the quiet enjoyment of Landlords of the Premises or any other occupant of adjacent property.

Section 13. INSPECTION. Tenant shall permit Landlords and their agents, at all reasonable times, to enter the Premises and to use the roads established on the Premises for the purpose of inspection for compliance with lease terms and to exercise its rights for posting notices and other lawful purposes.

Section 14. CONDEMNATION. If part or all of the Premises is condemned for public use, this Lease shall terminate as to the part taken and the rent payable hereunder will be reduced on a per assessed acre basis, and will be retroactive from the beginning of that growing season for the balance of the Lease. Tenant shall be entitled to maintain a claim in the applicable condemnation action for the loss of crops, profits and improvements, moving of improvements and facilities, growing costs, and claims incidental thereto as provided by law but not to maintain any claim in respect of the value of the leasehold. Except as set forth herein and unless Tenant has exercised its option to purchase the condemned acreage, Landlords shall be entitled to all other compensation awarded as a result of any condemnation.

Section 15. IMPROVEMENTS AND STRUCTURES. Tenant will obtain the written consent of Landlords prior to making any improvements to the Premises that would require the expenditure of more than \$25,000 on any Ranch identified on Exhibit A, in any calendar year (except for an equipment yard and any irrigation facilities). Structures, installations and facilities placed on the Premises by Tenant shall be and remain the property of Tenant during the Term of this Lease. Upon the expiration of the Term and subject to Section 7, Tenant shall have the right to remove Tenant's portable structures, booster pumps, removable pipelines, installations, irrigation equipment and/or personal property, except that Landlords shall have the option to purchase such items at their then-fair market value. However, where such facilities and improvements were installed as part of the maintenance of the leasehold, such improvements shall remain part of the Premises. Notwithstanding anything to the contrary contained in this Section 15, Tenant shall be entitled to remove all portable sprinkler irrigation facilities, tail water pumps and incidental irrigation facilities installed or built by Tenant.

Section 16. HAZARDOUS MATERIAL.

(a) "Hazardous Material" as used herein shall mean any hazardous or toxic substance or material which is or becomes regulated as a hazardous material or defined as such in any local, state or federal statute or ordinance. Tenant shall utilize all chemicals, pesticides, fertilizers or other materials consumed in the farming operation in compliance with all then existing applicable federal, state and local laws and regulations, subject to Tenant's obligation to maintain the certification of the Premises for growing organic crops under California Organic Foods Act of 1990 and requirements of California Certified Organic Farms and the National Organic Program pursuant to Organic Foods Protections Act of 1990 (7 CFR Part 205), in each case as amended or supplemented. Tenant shall make available to Landlords copies of all Pesticide Use Reports that Tenant is required by law to maintain or otherwise produces in connection with Tenant's farming operations.

(b) If the presence of any Hazardous Material on the Premises is caused by Tenant during the term of this Lease and results in contamination in violation of the laws and regulations in existence at the time the Hazardous Material was utilized, then Tenant shall pay all clean-up costs, diminution in value of the Premises, fines, penalties, and other costs which result therefrom. However, no action shall be brought against Tenant under this paragraph more than one year after the earlier of the discovery by any Landlord or the date any Landlord should have discovered any alleged breach of the obligations stated herein.

(c) Landlords warrant and represent that all handling, transportation, storage, treatment or other use of Hazardous Material that has occurred on the Premises, if any, prior to the date of this Lease has been in compliance with all laws and regulations and that no Hazardous Materials have been stored or released on the premises in violation of any law applicable to the Premises. Further, in the event there is a breach of Landlords' representation and warranty as set forth herein, then Landlords shall indemnify, defend and hold Tenant harmless from any and all claims, damages, attorney's fees and costs which result from any such breach (including the costs of remedial activities).

Section 17. GENERAL INDEMNIFICATION.

(a) Tenant shall indemnify, defend and hold Landlords harmless from and against all claims, judgments, damages, liabilities, penalties, losses, attorney's fees and costs which arise during the Term of this Lease, or after the Term of this Lease expires or is terminated, and which result from the activities and farming operations of Tenant, its employees, agents and representatives on the Premises, including Section 16, except, in each case, as directly relate to or result from a breach by any Landlord of its obligations hereunder or from any Landlord's negligence or willful misconduct. Landlords shall have the right, but not the duty, to participate in the defense of any claim or liability with attorneys of its own selection without relieving Tenant of any of its obligations hereunder. This indemnity shall survive the termination of this Lease for a period of five years.

(b) Landlords shall indemnify, defend and hold Tenant harmless from and against all claims, judgments, damages, liabilities, penalties, losses, attorney's fees and costs which arise during the Term of this Lease, or after the Term of this Lease expires or is terminated, and which result from the breach by Landlords of a representation or warranty set forth herein, except, in each case, as directly relate to or result from a breach by Tenant of its obligations hereunder or from Tenant's negligence or willful misconduct. Tenant shall have the right, but not the duty, to participate in the defense of any claim or liability with attorneys of its own selection without relieving Landlords of any of their obligations hereunder. This indemnity shall survive the termination of this Lease for a period of five years.

Section 18. QUIET ENJOYMENT. Landlords covenant that upon payment by Tenant of the rent herein reserved and upon performance and observance by Tenant of all of the agreements, covenants and conditions herein contained on the part of Tenant to be performed and observed Tenant shall peaceably hold and quietly enjoy the Premises during the entire Term without hindrance, molestation or interruption by any Landlord or by anyone lawfully or equitably claiming by, through or under any Landlord.

Section 19. ASSIGNMENT AND SUBLETTING. Tenant may assign this Lease, or any interest therein, at any time provided that, (i) no default exists in the performance or observance of any agreement, covenant or condition of this Lease on the part of Tenant to be performed or observed as of the date of such assignment, (ii) the assignment shall be in writing, duly executed and acknowledged by Tenant and the assignee, in form satisfactory to Landlords, providing that the assignee assumes and agrees to perform and observe all the agreements, covenants and conditions of this Lease on the part of Tenant to be performed and observed, and (iii) an executed original of such assignment shall be delivered to Landlords.

Section 20. INSURANCE. Tenant, at its expense, shall carry (a) workmen's compensation insurance, (b) public liability insurance with liability limits of not less than \$1,000,000 for the injury or death of one person and at least \$5,000,000 for the injury to or death of more than one person in any one accident and (c) property damage liability insurance in the amount of \$1,000,000. All such insurance shall be carried within insurance companies satisfactory to Landlords and shall cover not only any liability of Tenant for bodily injury to or death of persons and property damage but also such liability which has been assumed by Tenant under the provisions of the indemnity of this Lease. Tenant shall forthwith procure and cause to be furnished to Landlords certificates from insurance carriers that (a) insurance is in full force and effect, (b) the premiums have been paid thereon, (c) the insurance carrier will give Landlords at least thirty (30) days prior written notice of any termination, cancellation or modification of the terms of such insurance, (d) the underwriters will have no right of recovery or subrogation against Landlords, it being the intention of the parties that the insurance so effected shall protect both parties and primarily liable for any and all losses covered by the above-described insurance, and (e) the underwriters acknowledge the existence of liability and property damage insurance carried by Landlords and the provisions relating to other insurance in such policies, if any, shall not be applicable. The insurance provided by Tenant's policy shall be primary insurance for all assureds, and such other insurance carried by Landlords and affiliated companies, if any, shall not be called upon by Tenant's insurers for contributing, deficiency, concurrent or double insurance or otherwise.

Section 21. MECHANICS' AND OTHER LIENS. Tenant shall promptly discharge or remove by bond or otherwise prior to foreclosure thereof any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about the Premises for or in connection with any operations of Tenant, any alterations, improvements, repairs or additions

which Tenant may make or permit or cause to be made, or any work or construction by, for or permitted by Tenant on or about the Premises, and to save and hold Landlords and all of the Premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Nothing contained in this Section 20 will prohibit Tenant from challenging the validity of any such lien.

Section 22. TENANT'S DEFAULTS AND LANDLORDS' REMEDIES.

(a) It shall be an event of default hereunder (each, an "Event of Default") if:

(i) Tenant fails to make the punctual payment of any rent or other moneys due hereunder and such failure shall continue for a period of ten (10) days after written notice thereof to Tenant;

(ii) Tenant fails to perform or observe any of the other agreements, covenants or conditions of this Lease binding upon Tenant and such failure shall continue for a period of thirty (30) days after written notice thereof to Tenant, or, in the case of a failure which cannot be cured by the payment of money and cannot be cured within thirty (30) days, shall continue for an unreasonable period after such written notice;

(iii) Tenant shall abandon the Premises;

(iv) Tenant shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the federal government or any state government or any subdivision of either now or hereafter in effect, make an assignment for the benefit of its creditors, consent to, or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises;

(v) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of Tenant or of the whole or any substantial part of the Premises, and such order, judgment or decree shall not be vacated, set aside or stayed within sixty (60) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside;

(vi) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Tenant under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order judgment or decree shall not be vacated, set aside or stayed within sixty (60) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; or

(vii) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Tenant or of the whole or any substantial part of the Premises, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

(b) Upon the occurrence of any Event of Default by Tenant hereunder, Landlords shall have the following rights and remedies, in addition to all other rights and remedies of Landlords provided hereunder or by law:

(i) The right to terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises, and pay to Landlords all rent and all other amounts payable by Tenant hereunder to the date of such termination;

(ii) The remedies described in California Civil Code Section 1951.2, including, without limitation, the right to recover the worth at the time of award of the amount by which the unpaid

rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subdivision (b) of section 1951.2 of the California Civil Code;

(iii) The remedies described in California Civil Code section 1951.4, including, without limitation, the right to collect, by suit or otherwise, each installment of rent or other sums that become due hereunder, or to enforce, by suit or otherwise, performance or observance of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed; or

(iv) The right to cause a receiver to be appointed in any action against Tenant to take possession of the Premises or to collect the rents or profits therefrom. Neither appointment of such receiver nor any other action taken by any Landlord shall constitute an election on the part of Landlords to terminate this Lease unless written notice of termination is given to Tenant.

Section 23. NONWAIVER. If any action or proceeding is instituted or if any other steps are taken by Landlords or Tenant, and a compromise part payment or settlement thereof shall be made, either before or after judgment, the same shall not constitute or operate as a waiver by Landlords or Tenant of any agreement, covenant or condition of this Lease or of any subsequent breach thereof. No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder. No waiver of any provision hereof by Landlords or Tenant shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Landlords or Tenant, as the case may be. The receipt by Landlords of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Payment by Tenant or receipt by Landlords of a lesser amount than the stipulated rent or other sums due Landlords shall operate only as a payment on account of such rent or other sums. No endorsement or statement on any check or other remittance or in any communication accompanying or relating to such payment shall operate as a compromise or accord and satisfaction unless the same is approved in writing by Landlords, and Landlords may accept such check, remittance or payment without prejudice to its right to recover the balance of any rent or other sums due by Tenant and pursue any remedy provided under this Lease or by law.

Section 24. NO MERGER.

(a) There shall be no merger of the leasehold estate created by this Lease with any other estate in the Premises, including the fee estate, by reason of the fact that the same person may own or hold the leasehold estate created by this Lease, or an interest in such leasehold estate, and such other estate in the Premises, including the fee estate, or any interest in such other estate; and no merger shall occur unless and until Landlords and Tenant shall join in a written instrument effecting such merger and shall duly record the same.

(b) No termination of this Lease shall cause a merger of the estates of any Landlord and Tenant, unless both parties so elect, and any such termination shall, at the option of Landlords, either work a termination of any sublease in effect or act as an assignment to Landlords of Tenant's interest in any such sublease.

Section 25. TAXES. Landlords covenant and agree to pay and discharge, during the entire Term, before delinquency, all taxes, assessments, water charges, utility rates and fees, levies or other charges, general, special, ordinary, extraordinary and otherwise, of every kind and character which are or may during the Term be levied, charged, assessed or imposed upon or against the Premises or any buildings or improvements which are now or hereafter located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby; *provided, however* that, notwithstanding the foregoing, Tenant will be responsible for, and agrees to pay and discharge, during the entire Term, before delinquency, all water charges, utility rates and fees which are or may during the Term be levied, charged, assessed or imposed upon or against the Premises.

Section 26. AGRICULTURAL PROGRAMS. Tenant shall have the responsibility to maintain compliance with any governmental programs in which the Premises are involved, such as the FSA program. The nature of such programs and details related to compliance therewith will be disclosed to Tenant before the execution of this Lease. Tenant shall not commit the Premises or any part thereof (excluding portions of the Premises that

Tenant has purchased pursuant to Section 5) to any soil conservation or cropping agreement or other program without Landlords' prior written consent.

Section 27. ATTORNEY'S FEES AND VENUE. If any party to this Lease shall bring any action for relief against the other, declaratory or otherwise, arising out of this Lease, the losing party shall pay to the prevailing party, a reasonable sum for attorneys' fees incurred in arbitration, bringing a suit and/or enforcing any judgment granted therein. Any judgment or order in such action shall contain a specific provision providing for the recovery of attorney's fees and costs incurred in enforcing such judgment. Any such action shall be brought in Kern County, California.

Section 28. MINERAL RIGHTS. All rights in all minerals, oil, gas and other hydrocarbons located on or under the Premises are reserved to Landlords and are excepted from this Lease; *provided, however*, that any purchase of a portion of the Premises pursuant to the exercise of the Purchase Option will convey all rights in all minerals, oil, gas and other hydrocarbons associated with such purchased portion of the Premises.

Section 29. MID VALLEY MUTUAL WATER COMPANY. Landlords hereby assign and convey all equity interests in the Mid Valley Mutual Water Company to Tenant. Upon the removal of that portion of the Premises served by the Mid Valley Mutual Water Company from the Premises (except for a removal pursuant to the exercise of a Purchase Option), Tenant will convey such equity interests to Landlords for the sum of \$1.00.

Section 30. SURRENDER. On the last day of the Term hereof with respect to any applicable portion of the Premises, or upon any sooner termination with respect to such portion, Tenant shall surrender the Premises to Landlords in the same condition as when received, ordinary wear and tear excepted, in a clean, free of debris and recently disked condition. Further, Tenant shall execute, upon request of Landlords, a quitclaim deed in form and substance reasonably acceptable to Tenant, conveying to Landlords all of Tenant's rights and interests in the Premises or portion thereof which is terminated.

Section 31. COMPLIANCE WITH LAW. Tenant shall comply with all applicable requirements of all governmental rules and regulations, enforced, either now or in the future during the Term of this Lease, affecting the Premises or its farming operations.

Section 32. COVENANTS RUN WITH LAND.

(a) The agreements, covenants and conditions in this Lease contained are and shall be deemed to be covenants running with the land and the reversion and shall be binding upon and shall inure to the benefit of Landlords and Tenant and their respective successors and assigns and all subsequent Landlords and Tenants respectively hereunder.

(b) All references in this Lease to "Tenant" or "Landlords" shall be deemed to refer to and include successors and assigns of Tenant or Landlords, respectively, without specific mention of such successors or assigns. Unless expressly stated to the contrary, all references to "Landlords" in the context of a representation, warranty, covenant, obligation or right of the Landlords will be deemed to be a joint and several representation, warranty, covenant, or obligation of the Landlords, or, as applicable, a right inuring to the benefit of the Landlords as a whole.

Section 33. FURTHER ASSURANCES. Landlords and Tenant each agree to execute, acknowledge and record any document reasonably necessary to, and to take any actions reasonably necessary or useful to, further the effect of this Lease and to achieve the intentions of the parties hereto.

Section 34. NOTICES. Except as otherwise provided hereunder, any notice or communication to any Landlord or Tenant shall be in writing and be mailed by certified mail, postage prepaid. Notices or communications shall be addressed to any Landlord at

c/o 10409 Red Bridge Way
Bakersfield, CA 93311

Telephone: (661) 822-9586
Facsimile: (661) 822-9588,

with a copy to:

James B. Wiens, Esq.
Clifford & Brown
1430 Truxtun Avenue, Suite 900
Bakersfield, CA 93301
Telephone: (661) 322-6023
Facsimile: (661) 322-3508

or such other address or addresses as Landlords shall from time to time designate, or to such agent of Landlords as they may from time to time designate, by notice in writing to Tenant. Notices or communications shall be addressed to Tenant at

CAL-ORGANIC VEGETABLE COMPANY
Attention: Legal Department
Post Office Box 81498
Bakersfield, CA 93380-1498
Telephone: (661) 845-5275
Facsimile (661) 845-5262

or such other address or addresses as Tenant shall from time to time designate, or to such agent of Tenant as it may from time to time designate, by notice in writing to Landlords. Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

Section 35. SHORT FORM OF LEASE. Contemporaneously with the execution of this Lease, Landlords and Tenant will execute and acknowledge for recordation in the Official Records of the County of Kern, County of Los Angeles, and Riverside County a Short Form Lease in a mutually acceptable form, which will, in any event contain information relating to the Purchase Option.

Section 36. CONSTRUCTION.

(a) Each party acknowledges and agrees that this Lease has been negotiated and prepared jointly by each party and that in the event of ambiguity, it shall not be construed against either party and no presumption or burden of proof shall arise favoring or disfavoring either party by virtue of the authorship of any of the provisions of this Lease, but rather each term herein shall be given a reasonable interpretation.

(b) Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

(c) The Exhibits identified in this Lease are incorporated herein by reference and made a part hereof.

Section 37. TIME IS OF THE ESSENCE. Time is hereby expressly declared to be of the essence in this Lease and all terms and conditions herein.

[Remainder of page intentionally left blank.]

EXECUTION

This Lease is executed at Kern County, California on May __, 2001.

TENANT

CAL-ORGANIC VEGETABLE COMPANY,
a California corporation

By: _____
Robert A. Grimm
President

LANDLORDS

DANIEL C. DUNCAN, a married man

SUSAN G. DUNCAN, a married woman

DANIEL C. DUNCAN and SUSAN G. DUNCAN, as Trustees of the D.C. Duncan Family Trust dated June 23, 1995

By: _____
DANIEL C. DUNCAN, a married man, as trustee

By: _____
SUSAN G. DUNCAN, a married woman, as trustee

MICHAEL B. DUNCAN, an individual

B.W. DUNCAN and CAROL F. DUNCAN, as Trustees of the B. and C. Duncan Living Trust dated July 24, 1978

By: _____
B.W. DUNCAN, a married man, as trustee

By: _____
CAROL F. DUNCAN, a married woman, as trustee

EXECUTION

This Lease is executed at Kern County, California on May 4, 2001.

TENANT

CAL-ORGANIC VEGETABLE COMPANY,
a California corporation

By: Robert A. Grimm
Robert A. Grimm
President

LANDLORDS

DANIEL C. DUNCAN, a married man

SUSAN G. DUNCAN, a married woman

DANIEL C. DUNCAN and SUSAN G. DUNCAN, as Trustees of the D.C. Duncan Family Trust dated June 23, 1995

By: DANIEL C. DUNCAN, a married man, as trustee

By: SUSAN G. DUNCAN, a married woman, as trustee

MICHAEL B. DUNCAN, an individual

B.W. DUNCAN and CAROL F. DUNCAN, as Trustees of the B. and C. Duncan Living Trust dated July 24, 1978

By: B.W. DUNCAN, a married man, as trustee

By: CAROL F. DUNCAN, a married woman, as trustee

EXECUTION

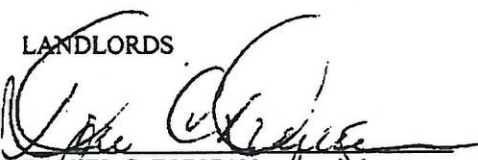
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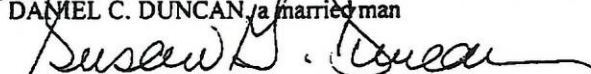
TENANT

CAL-ORGANIC VEGETABLE COMPANY,
a California corporation

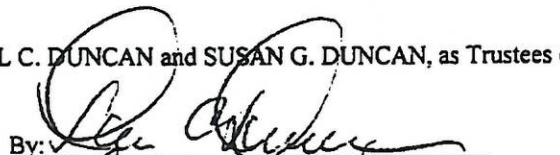
By: _____
Robert A. Grimm
President

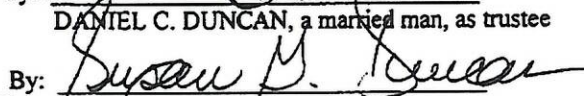
LANDLORDS

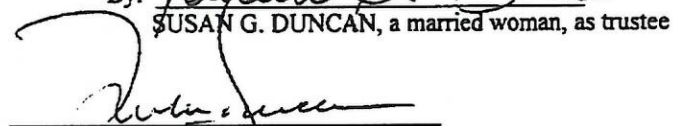

DANIEL C. DUNCAN, a married man


SUSAN G. DUNCAN, a married woman

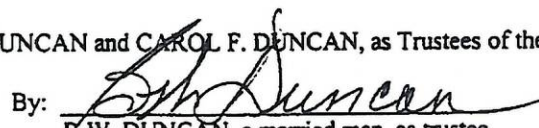
DANIEL C. DUNCAN and SUSAN G. DUNCAN, as Trustees of the D.C. Duncan Family Trust dated June 23, 1995

By: 
DANIEL C. DUNCAN, a married man, as trustee

By: 
SUSAN G. DUNCAN, a married woman, as trustee


MICHAEL B. DUNCAN, an individual

B.W. DUNCAN and CAROL F. DUNCAN, as Trustees of the B. and C. Duncan Living Trust dated July 24, 1978

By: 
B.W. DUNCAN, a married man, as trustee

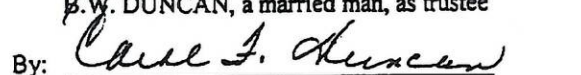
By: 
CAROL F. DUNCAN, a married woman, as trustee

Exhibit A

LEGAL DESCRIPTION OF PREMISES

AREA IN WHICH RANCH IS LOCATED	RANCH NAME	IDENTIFICATIONS OF PARCELS WITHIN RANCH	APN #	APN ACRES
Arvin	Arvin	Arvin East	189-340-22	40.00
Arvin	Arvin	Arvin West	189-340-16	28.42
Arvin	Arvin	Arvin West	189-340-17	29.33
Arvin	Arvin	Arvin West	189-340-18	39.55
Arvin	Arvin	Arvin West	189-340-30	79.09
Arvin	Arvin	Arvin West	189-340-35	59.04
Arvin	Arvin	Arvin West	189-340-38	54.55
Arvin				
TOTAL =				329.98
Lamont	Bender	Bender Ranch	185-240-07	79.09
Lamont	Bender	Bender Ranch	185-240-08	79.09
Lamont	Bender	Bender Ranch	185-240-10	123.98
TOTAL =				282.16
Coachella	Coachella	Coachella Ranch	749-100-001	60.00
Coachella	Coachella	Coachella Ranch	749-100-002	40.24
Coachella	Coachella	Coachella Ranch	749-100-004	40.32
Coachella	Coachella	Coachella Ranch	749-110-001	226.6
Coachella	Coachella	Coachella Ranch	749-110-005	40.34
Coachella	Coachella	Coachella Ranch	749-120-001	80.79
Coachella	Coachella	Coachella Ranch	749-120-007	40.34
Coachella	Coachella	Coachella Ranch	749-120-009	39.88
Coachella	Coachella	Coachella Ranch	749-120-010	39.88
Coachella	Coachella	Coachella Ranch	751-220-005	38.20
Coachella	Coachella	Coachella Ranch	751-220-007	39.09
Coachella	Coachella	Coachella Ranch	751-230-001	40.03
TOTAL =				725.71
Lamont	Sunset	Sunset/Grandma's	189-240-02	18.49
Lamont	Sunset	Sunset/Grandma's	189-240-03	0.97
Lamont	Sunset	Sunset/Grandma's	189-240-04	19.70
Lamont	Sunset	Sunset/Grandma's	189-240-16	0.01
TOTAL =				39.17

AREA IN WHICH RANCH IS LOCATED	RANCH NAME	IDENTIFICATIONS OF PARCELS WITHIN RANCH	APN #	APN ACRES
Lamont	Home	Home Ranch	187-030-04	64.09
Lamont	Home	Home Ranch	187-030-32	0.36
Lamont	Home	Home Ranch	187-030-33	38.34
Lamont	Home	Home Ranch	187-030-36	30.98
Lamont	Home	Home Ranch	187-080-18	65.39
		Less Plant:		-20.00
Lamont	Home	Swissenger/Nelson	188-280-02	57.00
Lamont	Home	Swissenger/Nelson	188-280-05	79.09
		TOTAL =		315.25
Arvin	Qumran	Rancho/Millux Ranch	446-010-08	158.18
Arvin	Qumran	Rancho/Millux Ranch	446-010-10	79.09
Arvin	Qumran	Rancho/Millux Ranch	446-010-12	79.09
Arvin	Qumran	Rancho/Millux Ranch	446-023-05	115.49
Arvin	Qumran	Rancho/Millux Ranch	446-023-07	35.72
Arvin	Qumran	Rancho/Millux Ranch	446-023-09	40.00
Arvin	Qumran	Rancho/Millux Ranch	446-023-11	20.00
		TOTAL =		527.57

AREA IN WHICH RANCH IS LOCATED	RANCH NAME	IDENTIFICATIONS OF PARCELS WITHIN RANCH	APN #	APN ACRES
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-05	19.84
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-06	19.83
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-07	19.83
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-08	18.91
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-13	20.23
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-14	20.23
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-15	20.22
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-16	19.31
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-21	19.15
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-22	20.06
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-23	20.06
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-011-24	20.06
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-01	20.06
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-02	20.05
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-05	20.05
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-06	20.05
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-07	19.13
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-08	19.14
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-09	20.05
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-10	20.04
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-11	20.04
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-174-12	20.05
Antelope	Rosamond	Bozigian/Iarussi Ranch	359-240-04	163.71
Antelope	Rosamond	Kinda/3M Ranch	359-020-50	160.59
Antelope	Rosamond	Calandri Ranch	359-011-01	19.47
Antelope	Rosamond	Calandri Ranch	359-011-02	19.62
Antelope	Rosamond	Calandri Ranch	359-011-03	19.62
Antelope	Rosamond	Calandri Ranch	359-011-04	19.63
Antelope	Rosamond	Calandri Ranch	359-011-09	19.16
Antelope	Rosamond	Calandri Ranch	359-011-10	20.07
Antelope	Rosamond	Calandri Ranch	359-011-11	20.07
Antelope	Rosamond	Calandri Ranch	359-011-12	20.07
Antelope	Rosamond	Calandri Ranch	359-011-17	19.16
Antelope	Rosamond	Calandri Ranch	359-011-18	20.07
Antelope	Rosamond	Calandri Ranch	359-011-19	20.07
Antelope	Rosamond	Calandri Ranch	359-011-20	20.07

TOTAL = 997.77

AREA IN WHICH RANCH IS LOCATED	RANCH NAME	IDENTIFICATIONS OF PARCELS WITHIN RANCH	APN #	APN ACRES
Tehachapi	Tehachapi	Cummings Valley Horse	448-052-07	1.82
Tehachapi	Tehachapi	Cummings Valley Horse	448-052-08	156.96
Tehachapi	Tehachapi	Ha's Ranch	376-012-05	18.00
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-26	27.24
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-27	24.68
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-30	20.53
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-31	20.53
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-32	20.52
Tehachapi	Tehachapi	Snodgrass Ranch	222-233-22	183.83
TOTAL =				474.11
Lamont	Weedpatch	Troll Ranch	185-280-23	79.09
Lamont	Weedpatch	Troll Ranch	185-280-24	73.87
Lamont	Weedpatch	Troll Ranch	185-280-36	69.88
TOTAL =				222.84
Antelope	Willow Springs	Willow Springs Ranch	346-031-08	316.36
Antelope	Willow Springs	Willow Springs Ranch	346-031-10	160.00
Antelope	Willow Springs	Willow Springs Ranch	346-031-11	147.60
TOTAL =				623.96
Total Leased				4,538.52

N.B.: (i) the rental amount for the Home Ranch will remain unchanged after the closing of the transaction contemplated by the Farmland Portion Purchase Option (which exercise will cause Daniel C. Duncan and Susan G. Duncan to acquire fee title to the Farmland Portion, and which Farmland Portion will then constitute part of the Home Ranch and therefore part of the Premises); and

(ii) the "APN Acres" figure for Ha's Ranch represents farmable acres only.

Exhibit B-1

TITLE REPORTS

Arvin Ranch (#673651-JH)
Bender Ranch (#673652-JH)
Coachella Ranch (#2070661-K22)
Sunset Ranch (#673966-JH)
Home Ranch (#673653-JH)
Qumran Ranch (#673654-JH)
Rosamond Ranch (#673656-JH)
Tehachapi Ranch (#673657-JH)
Weedpatch Ranch (#673658-JH)
Willow Springs Ranch (#673659-JH)

Exhibit B-2

ENCUMBRANCES

Arvin Ranch (#673651-JH): Exceptions 5, 42, 43, 61, and 62 to be subordinated to the Agricultural Lease. Exception 63 to be removed.

Bender Ranch (#673652-JH): Exception 11 to be removed.

Coachella Ranch (#2030661-K22): Exceptions 27 and 28 to be removed.

Sunset Ranch (First Amended #673966-JH): Exception 14 to be subordinated to the Agricultural Lease.

Home Ranch (Second Amended #673653-JH): Exceptions 10, 23, 34, and 80 to be subordinated to the Agricultural Lease. Exceptions 6, 22, 38, 41, 46, 58, 81, 82, 83, and 84 to be removed.

Qumran Ranch (#673654-JH): Exceptions 16, 17, and 19 to be removed.

Rosamond Ranch (Third Amended #673656-JH): Exceptions 33, 34, 46, and 47 to be removed.

Tehachapi Ranch (First Amendment #673657-JH): Exceptions 12, 21, 22, 33, 46 and 47 to be removed.

Weedpatch Ranch (#673658-JH): Exceptions 10 and 16 to be removed. Exception 28 to be subordinated to the Agricultural Lease.

Willow Springs Ranch (#673659-JH): Exceptions 8 and 10 to be removed.

N.B. Encumbrances disclosed on the preliminary title reports referenced above that are not specified above in this Exhibit B-2 are "purchased encumbrances."

Exhibit C

RENTAL AMOUNTS

Area in Which Ranch is Located	Ranch Name	APN Acres	Rent per APN Acre*	Total Annual Rent
Arvin	Arvin	329.98	\$ 300.00	\$ 98,994
Lamont	Bender	282.16	\$ 300.00	\$ 84,648
Coachella	Coachella	725.71	\$ 425.00	\$ 308,427
Lamont	Home**	315.25	\$ 300.00	\$ 94,575
Arvin	Qumran	527.57	\$ 300.00	\$ 158,271
Antelope	Rosamond	997.77	\$ 225.00	\$ 224,498
Tehachapi	Tehachapi***	474.11	\$ 250.00	\$ 118,528
Lamont	Weedpatch	222.84	\$ 300.00	\$ 66,852
Tehachapi	Willow Springs	623.96	\$ 250.00	\$ 155,990
Lamont	Sunset	39.17	\$ 300.00	\$ 11,751
Total		4,538.52		\$ 1,322,534

* The annual rent per acre shall be adjusted each calendar year for increases and decreases in the Consumer Price Index All Urban Consumers - (CPI-U) U.S. City Average, All items 1982-84=100 (the "Consumer Price Index", except that there shall be a maximum change of three percent (3.00%) per year.

** The rental amount for the Home Ranch will remain unchanged after the closing of the transaction contemplated by the Farmland Portion Purchase Option, which exercise will cause Daniel C. Duncan and Susan G. Duncan to acquire fee title to the Farmland Portion, and which Farmland Portion will then constitute part of the Home Ranch and therefore part of the Premises

*** The "APN Acres" figure reflects a calculation for Ha's Ranch that includes farmable acres only.

EXHIBIT D
(Acreage Not Certified Organic)

Schweisenger/Nelson (188-280-02 & 05)
40 acres certified 7/5/10
balance certified 5/27/01

Cauza
120 acres certified 8/1/01
40 acres certified 4/1/01
40 acres certified 8/28/01
40 acres certified 10/31/01

Snodgrass (222-233-26, 27, 30, 31 & 32)
40 acres certified now
80 acres certified 6/2/01

Meschuk (222-233-22)
25 acres certified now
balance certified 5/1/02