

CALAVO GROWERS INC
Form DEF 14A
February 28, 2014
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Calavo Growers, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Since 1924

The First Name in Avocados

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 23, 2014

TO THE SHAREHOLDERS OF CALAVO GROWERS, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Calavo Growers, Inc., a California corporation, will be held on April 23, 2014 at 1:00 p.m. Pacific Time at 15765 W. Telegraph Road, Santa Paula, California, 93060 for the following purposes:

- (1) To elect thirteen directors, each for a term of one year;
- (2) To ratify the appointment of our independent registered public accounting firm for fiscal year 2014;
- (3) To conduct an advisory vote on executive compensation;
- (4) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

The close of business on February 28, 2014 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of shareholders entitled to vote at the meeting will be available for examination by any shareholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 1141-A Cummings Road, Santa Paula, California.

Accompanying this Notice is a proxy. **Whether or not you expect to be at the Annual Meeting, please complete, sign and date the enclosed proxy and return it promptly.** If you plan to attend the Annual Meeting and wish to vote your shares personally, you may do so at any time before the proxy is voted. To accommodate the largest number of shareholders at the meeting, we request that you indicate your intent to attend by calling Eyvonne Ortega at (805) 921-3244 by April 18, 2014.

All shareholders are cordially invited to attend the Annual Meeting.

By order of the Board of Directors,

/s/ Lecil E. Cole

Lecil E. Cole

Chairman of the Board of Directors,

Chief Executive Officer and President

March 14, 2014

Santa Paula, California

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u>	1
<u>CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS</u>	9
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	14
<u>PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	17
<u>PROPOSAL NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	18
<u>COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	19
<u>TRANSACTIONS WITH RELATED PERSONS</u>	20
<u>EXECUTIVE COMPENSATION</u>	22
<u>PRINCIPAL AUDITOR FEES AND SERVICES</u>	32
<u>REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS</u>	33
<u>ADDITIONAL INFORMATION</u>	34

Table of Contents

Since 1924
The First Name in Avocados
1141-A Cummings Road
Santa Paula, California 93060
(805) 525-1245

PROXY STATEMENT

This proxy statement contains information related to the annual meeting of shareholders of Calavo Growers, Inc. to be held on Wednesday, April 23, 2014, beginning at 1:00 p.m. local time, at 15765 W. Telegraph Road, Santa Paula, California, 93060 and at any postponements or adjournments thereof. This proxy statement and the accompanying proxy are being mailed to shareholders on or about March 14, 2014 in connection with the solicitation by the Board of Directors of proxies for use at the annual meeting.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Proxy Materials

Why am I receiving these materials?

The Board of Directors (the **Board**) of Calavo Growers, Inc. (**Calavo**, the **Company**, **we**, **our** or **us**), a California corporation, is providing these proxy materials for you in connection with our annual meeting of shareholders, which will take place on April 23, 2014. As a shareholder, you are invited to attend the annual meeting and are entitled to, and requested to, vote on the items of business described in this proxy statement. This proxy statement includes information that we are required to provide to you under the rules of the U.S. Securities and Exchange Commission and that is designed to assist you in voting your shares.

What is included in the proxy materials?

The proxy materials include:

Our proxy statement for the annual meeting of shareholders;

Our 2013 Annual Report, which includes key information from our 2013 Form 10-K; and

A proxy card or a voting instruction card for the annual meeting.

What information is contained in this proxy statement?

The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, our Board and Board committees, the compensation of our directors and current executive officers for fiscal 2013, and other required information.

Table of Contents

How may I obtain a copy of Calavo's 2013 Annual Report to Shareholders, Form 10-K and/or other financial information?

A copy of our 2013 Annual Report to Shareholders, which includes key information from our 2013 Form 10-K, is enclosed. Shareholders may request another free hard copy of our 2013 Annual Report to Shareholders and/or a free copy of our entire Form 10-K, from:

Corporate Controller
Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, California 93060
(805) 525-1245

Calavo also will furnish any exhibit to our 2013 Form 10-K, if specifically requested, for a fee of \$0.20 per page to cover our expenses.

Important Notice Regarding the Internet Availability of Proxy Materials for the Shareholder Meeting to be Held on April 23, 2014

This proxy statement, the accompanying proxy, our 2013 Annual Report to Shareholders and our 2013 Form 10-K are also available on our website at <http://www.calavo.com>.

How may I request multiple sets of proxy materials if two or more shareholders reside in my household?

To minimize our expenses, one proxy statement and one annual report to shareholders may be delivered to two or more shareholders who share an address unless we have received contrary instructions from one or more of the shareholders. We will deliver promptly upon written or oral request a separate copy of the proxy statement and annual report to a shareholder at a shared address to which a single copy of the proxy statement and annual report was delivered. Requests for additional copies of the proxy statement and annual report, and requests that in the future separate documents be sent to shareholders who share an address, should be directed by writing to Calavo Growers, Inc., 1141-A Cummings Road, Santa Paula, California 93060, Attention James Snyder, or by calling Mr. Snyder at (805) 525-1245.

How may I request a single set of proxy materials for my household?

If you share an address with another shareholder and have received multiple copies of our proxy materials, you may write or call us at the address set forth in the preceding paragraph to request delivery of a single copy of these materials.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a

shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date, and return each Calavo proxy card and voting instruction card that you receive.

Table of Contents

Voting Information

What items of business will be voted on at the annual meeting?

The items of business scheduled to be voted on at the annual meeting are:

The election of directors

The ratification of Calavo's independent registered public accounting firm for the 2014 fiscal year

Advisory vote on executive compensation

We also will consider any other business that properly comes before the annual meeting. See question below.

What happens if additional matters are presented at the annual meeting?

Other than the three items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Lecil E. Cole and J. Link Leavens, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of our nominees are not available as candidates for directors, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares FOR each of the thirteen nominees for election to the Board, FOR the ratification of our independent registered public accounting firm for the 2014 fiscal year, and FOR the approval of the compensation of Calavo's named executive officers.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Many Calavo shareholders hold their shares through a broker, or other nominee, rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, the *shareholder of record*, and we are sending these proxy materials directly to you. As the *shareholder of record*, you have the right to grant your voting proxy directly to us or to vote in person at the meeting. We have enclosed a proxy card for you to use.

Beneficial Owner

If your shares are held in a brokerage account, or by another nominee, you are considered the *beneficial owner* of shares held *in street name*, and these proxy materials are being forwarded to you by your broker, trustee or nominee

together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and are also invited to attend the annual meeting.

Since a beneficial owner is not the *shareholder of record*, you may not vote these shares in person at the meeting, unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee should provide voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

Table of Contents

What shares can I vote?

Each share of Calavo common stock issued and outstanding as of the close of business on February 28, 2014, the *Record Date* for the annual meeting, is entitled to be voted on all items being voted upon at the annual meeting. You may vote all shares owned by you as of this time, including (1) shares held directly in your name as the *shareholder of record*, and (2) shares held for you as the *beneficial owner* through a broker, trustee or other nominee such as a bank. On the *Record Date*, we estimate Calavo had approximately 15.7 million shares of common stock issued and outstanding.

How can I vote my shares in person at the annual meeting?

Shares held in your name as the shareholder of record may be voted in person at the annual meeting. Shares held beneficially in street name may be voted in person at the annual meeting only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the annual meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

How can I vote my shares without attending the annual meeting?

Whether you hold shares directly as the shareholder of record or beneficially in street name, you may direct how your shares are voted without attending the annual meeting. If you are a shareholder of record, you may vote by submitting a proxy. If you hold shares beneficially in street name, you may vote by submitting voting instructions to your broker, trustee or nominee. For directions on how to vote, please refer to the instructions below and those included on your proxy card or, for shares held beneficially in street name, the voting instruction card provided by your broker, trustee or nominee.

Shareholders of record of Calavo common stock may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Calavo shareholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction card (generally obtained from your broker, trustee or nominee) provided and mailing it in the accompanying pre-addressed envelope. The voting instruction card provided by your broker, trustee or nominee may also provide you with the option to vote by telephone or the internet.

What is the deadline for voting my shares?

If you hold shares as the shareholder of record, your vote by proxy must be received before the polls close at the annual meeting.

If you are the beneficial owner of shares held through a broker, trustee or other nominee, please follow the voting instructions provided by your broker, trustee or nominee.

May I change my vote?

You may change your vote at any time prior to the vote at the annual meeting. If you are the shareholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to the Corporate Secretary at the address shown under the question below titled, *What is the deadline to propose actions for consideration at next year's annual meeting of shareholders?* prior to your shares being voted or by attending the annual meeting and voting in person. Attendance at the meeting

will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Table of Contents

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Calavo or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, shareholders provide on their proxy card written comments, which are then forwarded to Calavo management.

How may I vote on each proposal?

In the election of directors, you may vote **FOR**, **WITHHOLD AUTHORITY** or **ABSTAIN** with respect to each of the nominees. You also may cumulate your votes as described in the question below titled, *Is cumulative voting permitted for the election of directors?*

You may vote **FOR**, **AGAINST** or **ABSTAIN** with respect to the proposal to ratify the appointment of our independent registered public accounting firm for the 2014 fiscal year.

You may vote **FOR**, **AGAINST** or **ABSTAIN** with respect to the advisory vote on executive compensation.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you vote by proxy card or voting instruction card and sign the card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (**FOR** all of our nominees to the Board, **FOR** ratification of the appointment of our independent registered public accounting firm, and **FOR** the advisory approval of the compensation of Calavo's named executive officers).

What is the voting requirement to approve each of the proposals?

In the election of directors, the thirteen director candidates receiving the highest number of affirmative votes will be elected. Approval to ratify the appointment of our independent registered public accounting firm for the 2014 fiscal year and approval of the advisory vote on executive compensation each requires the affirmative vote of a majority of those shares present in person or represented by proxy and voting on that proposal at the annual meeting.

If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote your shares on routine matters but cannot vote your shares on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

Broker non-votes and abstentions will not affect the outcome of any of the proposals to be voted upon.

Which ballot measures are considered routine or non-routine ?

The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2014 (Proposal No. 2) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 2.

The election of directors (Proposal No. 1) and the advisory vote on executive compensation (Proposal No. 3) are considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters and, as a result, there may be broker non-votes on Proposals Nos. 1 and 3.

Table of Contents

Is cumulative voting permitted for the election of directors?

In the election of directors, you may elect to cumulate your vote. Cumulative voting will allow you to allocate among the director nominees, as you see fit, the total number of votes equal to the number of director positions to be filled multiplied by the number of shares you hold. For example, if you own 100 shares of stock and there are 13 directors to be elected at the annual meeting, you may allocate 1,300 FOR votes (13 times 100) among as few or as many of the 13 nominees to be voted on at the annual meeting as you choose. You may not cumulate your votes against a nominee.

If you are a shareholder of record and choose to cumulate your votes, you will need to submit a proxy card or, if you vote in person at the annual meeting, submit a ballot and make an explicit statement of your intent to cumulate your votes, either by so indicating in writing on the proxy card or by indicating in writing on your ballot when voting at the annual meeting. If you hold shares beneficially through a broker, trustee or other nominee and wish to cumulate votes, you should contact your broker, trustee or nominee.

If you vote by proxy card or voting instruction card and sign your card with no further instructions, Lecil E. Cole and J. Link Leavens, as proxy holders, may cumulate and cast your votes in favor of the election of some or all of the applicable nominees in their sole discretion, except that none of your votes will be cast for any nominee as to whom you vote against or abstain from voting.

Cumulative voting applies only to the election of directors. For all other matters, each share of common stock outstanding as of the close of business on February 28, 2014, the record date for the annual meeting, is entitled to one vote.

Who will serve as inspector of elections?

The inspector of elections will be a representative from investor communication company Broadridge Financial Solutions.

Who will bear the cost of soliciting votes for the annual meeting?

We are making this solicitation and will pay substantially all of the costs of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. We have retained Broadridge Financial Solutions, to assist with the solicitation of proxies from the shareholders of record for a fee of approximately \$10,000, plus expenses. We will also reimburse banks, brokers or other nominees for their costs of sending our proxy materials to beneficial owners. Directors, officers or other employees of ours may also solicit proxies from shareholders in person, by telephone, facsimile transmission or other electronic means of communication without additional compensation.

Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results at the annual meeting and publish final results on a Form 8-K filed with the SEC shortly after our annual meeting.

What if I have questions for Calavo's transfer agent?

Please contact our transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Computershare Trust Company, N.A.

250 Royall St

Canton, MA 02021

(800) 962-4284

Table of Contents

Annual Meeting Information

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the matters outlined in the notice of meeting on the cover page of this proxy statement, including the election of directors, the ratification of our independent registered public accounting firm, and an advisory vote on executive compensation. In addition, management will report on our performance during fiscal year 2013 and respond to questions from shareholders.

Who can attend the meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the meeting. To accommodate the largest number of shareholders at the meeting, we request that you indicate your intent to attend by calling Eyvonne Ortega at (805) 921-3244 by April 18, 2014.

How many shares must be present or represented to conduct business at the annual meeting?

The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of shares of our common stock entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes described previously in the question above titled, *What is the voting requirement to approve each of the proposals?* are counted for the purpose of determining the presence of a quorum.

Shareholder Proposals, Director Nominations and Related Bylaw Provisions

What is the deadline to propose actions for consideration at next year's annual meeting of shareholders?

You may submit proposals for consideration at future shareholder meetings. For a shareholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, the written proposal must be received by our Corporate Secretary, at our principal executive offices, no later than November 14, 2014. If the date of next year's annual meeting is moved more than 30 days before the anniversary date of this year's annual meeting, the deadline for inclusion of proposals in our proxy statement is instead a reasonable time before we begin to print and mail our proxy materials. Such proposals also will need to comply with Securities and Exchange Commission regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Proposals should be addressed to our corporate address:

Corporate Secretary

Calavo Growers, Inc.

1141A Cummings Road

Santa Paula, California 93060

If notice of a shareholder proposal submitted outside the process of Rule 14a-8 is not received by our Corporate Secretary by January 28, 2015, the persons named in our proxy for the next annual meeting of shareholders will have discretionary authority to vote on the proposal in accordance with their best judgment.

How may I recommend or nominate individuals to serve as directors?

You may propose director candidates for consideration by the Board's Nominating and Corporate Governance Committee. Any such recommendations should include the nominee's name and qualifications for Board membership and should be directed to our Corporate Secretary at the address of our principal executive offices set forth above.

Table of Contents

In addition, our bylaws permit a shareholder to nominate directors for election at an annual shareholders meeting, but only if the shareholder complies with the procedures that are set forth in the bylaws. Our bylaws state that the shareholder must deliver notice of the nomination to our Corporate Secretary not less than 30 days, nor more than 120 days, prior to the date of the meeting. The notice must set forth the information that is specified in the bylaws, including information about both the director candidate and the shareholder who has proposed the candidate.

How may I obtain a copy of Calavo's Bylaw provisions regarding shareholder proposals and director nominations?

You may contact our Corporate Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for nominating director candidates.

How may I communicate with Calavo's Board of Directors?

You may submit an e-mail to our Board at boardmembers@calavo.com. All directors have access to this e-mail address.

Table of Contents

CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

We are committed to having sound corporate governance principles. Having such principles is essential to running our business efficiently and to maintaining our integrity in the marketplace. We have adopted a code of ethics that applies to all of our directors, officers and employees. A copy of our code of ethics is posted on our Internet site at <http://www.calavo.com>.

Shareholders may request free printed copies of our code of ethics and our Board committee charters from:

Calavo Growers, Inc.

Attention: Corporate Secretary

1141-A Cummings Road

Santa Paula, CA 93060

(805) 525-1245

Board Structure, Independence of Directors and Committee Composition

As of the date of this proxy statement, our Board has thirteen directors. The Board has recommended the election of the thirteen director nominees who are identified in this proxy statement, each of whom currently is a director of Calavo.

The Board has determined that each of the following seven non-employee directors standing for election is independent under applicable NASDAQ rules: James Helin, George Barnes, John Hunt, Marc Brown, Michael A. DiGregorio, Egidio Carbone, Jr., and Steven Hollister.

The Board has the following four committees: (1) Executive, (2) Audit, (3) Nominating and Corporate Governance, and (4) Compensation. The membership during the last fiscal year through the date of this proxy statement, and the function of each of the committees, are described below. During fiscal year 2013, the Board held 12 meetings. Each director attended at least 75% of all Board and applicable Committee meetings for which he or she served as a Committee member. Directors are encouraged by the Board to attend annual meetings of Calavo's shareholders, and all of our directors attended the 2013 annual meeting of shareholders.

The Board has determined that each current member of the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee, and each former member of the Board who served during the fiscal year 2013, is independent within the meaning of applicable NASDAQ rules, and that each current member of the Audit Committee is independent within the meaning of applicable rules of the Securities and Exchange Commission (the SEC) and NASDAQ regarding the independence of audit committee members. The Board has also determined that each member of the Compensation Committee is a non-employee director within the meaning of applicable SEC, and is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and is independent within the meaning of applicable NASDAQ rules regarding the independence of compensation committee members.

Table of Contents

Director	Executive Committee	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Lecil E. Cole	**			
James D. Helin			*	*
Michael A. DiGregorio		*		*
George H. Barnes		*	*	
Harold S. Edwards	*			
Egidio Carbone, Jr.		**		
Donald M. Sanders	*			
Dorcas H. Thille	*			
Scott Van Der Kar	*			
J. Link Leavens	*			
John M. Hunt		*	**	
Steven Hollister		*		**
Marc L. Brown			*	
Number of meetings in fiscal year 2013	1	5	3	3

* Member.

** Chair.

Executive Committee. The Executive Committee exercises the authority of the Board of Directors when the Board is not in session, as permitted by law and by policy.

Audit Committee. The Audit Committee assists the Board and Management in fulfilling their responsibilities for generally overseeing our financial reporting processes and the audit of our financial statements, including the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of the independent registered public accounting firm, the performance of our internal audit function and the independent registered public accounting firm, and risk assessment and risk management. Among other things, the Audit Committee prepares the Audit Committee report for inclusion in the annual proxy statement; appoints, evaluates and determines the compensation of the independent registered public accounting firm; reviews and approves the scope of the annual audit, the audit fee and the financial statements; reviews our disclosure controls and procedures, internal controls, internal audit function, and corporate policies with respect to financial information and earnings guidance; oversees investigations into complaints concerning financial matters; reviews other risks that may have a significant impact on our financial statements; and reviews transactions with related persons. The Audit Committee works closely with management as well as the independent registered public accounting firm.

The Board has determined that Egidio Carbone, Jr. and Michael A. DiGregorio are audit committee financial experts as defined by SEC rules and applicable listing standards.

The report of the Audit Committee of the Board of Directors is included in the proxy statement on page 33. The charter of the Audit Committee is on our website at <http://www.calavo.com>.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee recommends candidates to be nominated for election as directors at our annual meeting, consistent with criteria approved by the Board; develops and reviews corporate governance principles and related policies for approval by the Board; periodically assesses the size and composition of the Board, including developing and reviewing director

qualifications for approval by the Board; considers director candidates proposed by shareholders; reviews proposed changes to our Articles of Incorporation and Bylaws; and reviews shareholder proposals in conjunction with the Chairman of the Board and recommends Board responses.

Table of Contents

The charter of the Nominating and Corporate Governance Committee is on our website at <http://www.calavo.com>.

Compensation Committee. The Compensation Committee reviews and approves the Compensation Committee report required by the SEC for inclusion in the annual proxy statement and has authority to retain compensation consultants. Other specific duties and responsibilities of the Compensation Committee include reviewing and approving objectives relevant to executive officer compensation; determining the compensation of executive officers in accordance with those objectives; approving severance arrangements and other applicable agreements for executive officers; overseeing our equity-based and incentive compensation plans for executive officers; and recommending compensation policies and practices for service on the Board and its committees. The Compensation Committee may not delegate its duties or responsibilities within the scope of its authority pursuant to its charter. For a description of the processes and procedures used by the Compensation Committee for the consideration and determination of executive and director compensation, see Executive Compensation-Compensation Discussion and Analysis.

The charter of the Compensation Committee is posted on our website at www.calavo.com.

Leadership Structure

The leadership structure of the Board of Directors is centered on the concept of an appropriate balance between management and the Board of Directors. The Board believes that it is in the best interest of Calavo and its shareholders for the Board to make a determination regarding whether or not to separate the roles of Chairman and CEO based upon applicable facts and circumstances. The Board believes that presently it is in the best interest of Calavo and its shareholders that the positions of Chairman of the Board and CEO should not be separated. Mr. Cole's diverse history with Calavo, from both an operational standpoint and that of a member of management, are vital to the Board's collective knowledge of Calavo's day-to-day operations.

Although the Board has not designated any other director to serve as its lead independent director, all of Calavo's other directors have access to the CEO and other Calavo executives on request. In addition, Calavo's independent directors serve actively on Board committees and may request agenda topics to be addressed at Board and committee meetings.

Risk Oversight

The Board identifies and reviews with senior corporate management issues concerning the key areas of business and financial risk to which Calavo is exposed. In this context business and financial risk is broadly construed to include risks, of whatever nature or source: (1) to the achievement of Calavo's strategic or tactical objectives and its financial plans; (2) to management effectiveness; (3) to Calavo's reputation or legal position; and (4) to Calavo's financial condition, results of operations or cash flows.

The Board has delegated to the Compensation Committee the duty to consider whether Calavo's compensation practices and policies for its executive officers create unnecessary risks to Calavo. The Compensation Committee reports back to the full Board with respect to its assessment.

Table of Contents

Director Nominees

Shareholder Nominees

The Nominating and Corporate Governance Committee will consider shareholder nominations for candidates for membership on the Board. In evaluating such nominations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board. Any shareholder nominations proposed for consideration by the Nominating and Corporate Governance Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Calavo Growers, Inc.
1141A Cummings Road
Santa Paula, CA 93060

In addition, our bylaws permit shareholders to nominate directors for consideration at an annual shareholder meeting. For a description of the process for nominating directors in accordance with our bylaws, see [Questions and Answers - Shareholder Proposals, Director Nominations and Related Bylaw Provisions - How may I recommend or nominate individuals to serve as directors?](#)

Director Qualifications

The Nominating and Corporate Governance Committee believes that members of the Board should have the highest professional and personal ethics and values, consistent with longstanding Calavo values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public interest. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all shareholders. Although the Nominating and Corporate Governance Committee believes that director nominees should add to the range of backgrounds and experiences of Calavo directors, neither the Nominating and Corporate Governance Committee nor the Board has a policy regarding the consideration of diversity in identifying and evaluating director nominees.

Identifying and Evaluating Nominees for Director

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating and Corporate Governance Committee will periodically assess the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current Board members, professional search firms, shareholders or other persons. These candidates will be evaluated at regular or special meetings of the Nominating and Corporate Governance Committee, and may be considered at any point during the year. As described above, the Nominating and Corporate Governance Committee considers shareholder nominations for candidates for the Board. If any materials are provided by a shareholder in connection with the nomination of a director candidate, such materials will be forwarded to the

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a shareholder.

Director Compensation

Each of our non-employee directors is paid a \$10,000 annual retainer for services rendered from January to December and is reimbursed for reasonable expenses incurred in connection with the performance of his or her service as a director. The chairs of the Audit Committee and the Compensation Committee each received a retainer of \$20,000, and the chair of the Nominating and Corporate Governance Committee received a retainer of \$15,000. Each non-employee director also receives cash compensation of \$2,000 for each day of attendance at each Board meeting. Additionally, committee members receive \$500 per committee meeting attended, although members of the Executive Committee receive a meeting fee of \$1,000 per Executive Committee meeting attended. Directors may, from time to time, be compensated related to their involvement in special projects, as determined by the Board of Directors.

On January 28, 2013, all 12 of our non-employee directors were granted 1,000 restricted shares each (total of 12,000 shares). These shares have full voting rights and participate in dividends as if unrestricted. The closing price of our stock on such date was \$24.71. As of January 1, 2014, all shares have vested and are now unrestricted.

On January 9, 2014, all 12 of our non-employee directors were granted 1,750 restricted shares each (total of 21,000 shares). These shares have full voting rights and participate in dividends as if unrestricted. The closing price of our stock on such date was \$32.49. As of January 1, 2015, these shares will vest and be unrestricted.

Table of Contents*Director Compensation Table*

The following table summarizes compensation that our directors (other than Lecil Cole, a named executive officer) earned during fiscal 2013 for services as members of our Board of Directors.

Name	Fees Earned or Paid in Cash (\$)	Option/Stock Awards (\$)⁽¹⁾	Total (\$)	Options Held at 10/31/13
George Barnes	\$ 59,500	\$ 25,000 ⁽²⁾	\$ 84,500	
Marc Brown	\$ 61,000	\$ 25,000 ⁽²⁾	\$ 86,000	10,000
Egidio Carbone	\$ 72,500	\$ 25,000 ⁽²⁾	\$ 97,500	5,000
Harold Edwards	\$ 57,000	\$ 25,000 ⁽²⁾	\$ 82,000	
Steven Hollister	\$ 72,500	\$ 25,000 ⁽²⁾	\$ 97,500	2,000
John Hunt	\$ 67,000	\$ 25,000 ⁽²⁾	\$ 92,000	
J. Link Leavens	\$ 57,000	\$ 25,000 ⁽²⁾	\$ 82,000	
Dorcas Thille	\$ 57,000	\$ 25,000 ⁽²⁾	\$ 82,000	
Donald Sanders	\$ 59,000	\$ 25,000 ⁽²⁾	\$ 84,000	6,800
Michael DiGregorio	\$ 56,000	\$ 103,000 ⁽²⁾⁽³⁾	\$ 159,000	10,000
Scott Van Der Kar	\$ 59,000	\$ 25,000 ⁽²⁾	\$ 84,000	
James Helin	\$ 62,000	\$ 25,000 ⁽²⁾	\$ 87,000	10,000
Total	\$ 739,500	\$ 378,000	\$ 1,117,500	43,800

- (1) Valuation is based on the dollar amount of restricted stock/option grants recognized for financial statement reporting purposes pursuant to FASB ASC Topic 718 with respect to fiscal 2013. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that may be realized by the directors with respect to these awards. The assumptions we used with respect to the valuation of option grants are set forth in Note 2 to our consolidated financial statements contained in our Annual Report on Form 10-K for year ended October 31, 2013.
- (2) The grant date fair value of restricted stock granted during fiscal year 2013 for all non-employee directors, was computed in accordance with FASB ASC Topic 718, was \$300,000. Such grant vested in full on January 1, 2014. The market price of our common stock at the grant date was \$24.71.
- (3) The grant date fair value of options granted during fiscal year 2013 for Mr. DiGregorio, computed in accordance with FASB ASC Topic 718, was \$78,000. Such grant vests in equal increments over a five-year period and has an exercise price of \$23.48 per share. Vested options have a term of five years from the vesting date. The market price of our common stock at the grant date was \$23.48. Mr. DiGregorio's option covers 10,000 shares of common stock.

Table of Contents

PROPOSAL NO. 1

ELECTION OF DIRECTORS

There are thirteen nominees for election to our Board this year. All of the nominees have served as directors since the last annual meeting. Each director is elected annually to serve until the next annual meeting or until his or her successor is elected. There are no family relationships among our executive officers and directors.

The thirteen director candidates receiving the highest number of affirmative votes at the annual meeting will be elected.

If you sign your proxy or voting instruction card, but do not give instructions with respect to voting for directors, your shares will be voted for the thirteen persons recommended by the Board. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

You may cumulate your votes in favor of one or more directors. If you wish to cumulate your votes, you will need to indicate explicitly your intent to cumulate your votes among the thirteen persons who will be voted upon at the annual meeting. See [Questions and Answers](#) [Voting Information](#) [Is cumulative voting permitted for the election of directors?](#) for further information about how to cumulate your votes.

All of the nominees have indicated to Calavo that they will be available to serve as directors. In the event that any nominee should become unavailable, however, the proxy holders, Mr. Cole and Mr. Leavens, will vote for a nominee or nominees designated by the Board.

Lecil E. Cole

Director since 1982

Mr. Cole, age 74, has served as our Chairman of the Board of Directors, Chief Executive Officer and President since February 1999. He served as an executive of Safeway Stores from 1964 to 1976 and as the Chairman of Central Coast Federal Land Bank from 1986 to 1996. Mr. Cole has served as the Chairman and President of Hawaiian Sweet Inc. and Tropical Hawaiian Products, Inc. since 1996 (both of these entities were acquired by Calavo in 2008). Mr. Cole farms a total of approximately 4,400 acres in California on which avocados and cattle are produced and raised.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Cole's vast and diverse history with Calavo, from both an operational standpoint and that of a member of management, are vital to the Board's collective knowledge of our day-to-day operations. Mr. Cole also provides great insight as to how Calavo grew into the organization that it is today. His institutional knowledge is an invaluable asset to the Board in effecting its oversight of Calavo and its path into the future. Mr. Cole's presence on the Board also allows for a flow of information and ideas between the Board and management.

George H. Barnes

Director since 2004

Mr. Barnes, age 81, has owned and operated avocado groves since 1988 and has served as a member of the California Avocado Commission for eight years. Mr. Barnes was a director of Calavo from 2000 through 2002.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Barnes' diverse experience in the agriculture industry has provided the Board insight and understanding that has assisted the Board's

oversight of Calavo.

James D. Helin

Director since 2011

Mr. Helin, age 71, is a management consultant with JDH Associates and has over 35 years of experience in consumer marketing on numerous national packaged goods brands. Additionally, Mr. Helin has a wide-range of agricultural commodity experience and knowledge in both executive management and marketing management. He has served as a board member on numerous companies' boards of directors.

Table of Contents

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Helin's wide array of experience in the business world give the Board a unique perspective. Mr. Helin's collective experiences allow him to better appreciate the issues management faces. Mr. Helin was recommended to the Nominating and Corporate Governance Committee by a non-management director of Calavo.

Donald M. Sanders

Director since 2002

Mr. Sanders, age 66, has served as President and Owner of S&S Grove Management Services, Inc. since 1991. In addition, Mr. Sanders has ownership interests in S&S Ranch and Rancho Santo Tomas which include an aggregate of 134 acres of avocado orchards.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Sanders' diverse experience in the agriculture industry has provided the Board vast insight and understanding that has assisted the Board's oversight of Calavo.

Michael A. DiGregorio

Director since 2013

Mr. DiGregorio, age 59, has spent the past 30 years in senior financial and operating capacities in domestic and international markets. A CPA by background, he has been CFO of public and private companies, and also as president of two large organizations. 13 of those years were spent working with private equity groups, in which he helped transform underperforming companies and helped add significant market value to these enterprises.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. DiGregorio's 30-year experience in financial and operating capacities is very beneficial to the Board and Calavo as a whole. Mr. DiGregorio's vast experiences and successes in the business world are also an invaluable asset to the Board as it evaluates not only the Company's present circumstances, but the direction it will head in the future.

Scott Van Der Kar

Director since 1994

Mr. Van Der Kar, age 59, has served as a manager of his family's farm, Pinehill Ranch, since 1978. The Van Der Kar family farms approximately 100 acres of avocados and has been delivering avocados to Calavo since 1959. He is a current member of the board of the California Chermoya Association, a former member of the board of the Santa Barbara County Workforce Investment Board, and is a former director of the Santa Barbara County Farm Bureau.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Van Der Kar's diverse experience in the agriculture industry has provided the Board with valuable insight and understanding that has assisted the Board's oversight of Calavo.

J. Link Leavens

Director since 1987

Mr. Leavens, age 62, is the general manager of Leavens Ranches, a family partnership that farms 1100 acres of lemons and avocados in Ventura and Monterey Counties. He has served as President of the Ventura County Farm Bureau, the Ventura County Resource Conservation District and was a founding member of the University of California Hansen Trust Advisory Committee. Leavens Ranches have been Calavo members since 1956.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Leavens experience in managing agricultural partnerships and properties for over 35 years provides an invaluable asset to the Board of Directors as it evaluates not only Calavo s present circumstances, but the direction it will head in the future.

Table of Contents

Dorcas H. Thille

Director since 1986

Ms. Thille age 82, owns and operates the J.K. Thille Ranches, a 280-acre farm on which avocados, lemons and vegetables have been grown since 1949. She is a former member of the board of the Saticoy Lemon Association, as well as a former member of the Agricultural Issues Center of the University of California. She served on the board of the Agricultural Council of California and as chairman of the board. In addition, she served on the University of California President's Advisory Commission.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Ms. Thille's history with Calavo is vital to the Board's collective knowledge of Calavo's operations. Ms. Thille also provides great insight as to how Calavo grew into the organization that it is today.

John M. Hunt

Director since 1993

Mr. Hunt, age 57, has served as the General Manager of Embarcadero Ranch since 1982 where he manages a 400-acre avocado and citrus ranch.

The Nominating and Corporate Governance Committee and the Board of Directors believe that Mr. Hunt's diverse experience in the agriculture industry has provided the Board with significant insight and understanding that has assisted the Board's oversight of Calavo.

Egidio Carbone, Jr.

Director since 2005

Mr. Carbone, age 73, served as Vice-President, Finance and Corporate Secretary for Calavo from 1980 to 2002. He was also an active CPA from 1967 to 2002 in the State of California and has taught accounting and finance at the college level. He has served as a member of the board of directors of the California Avocado Commission from 2008 to present.

The Nominating and Corporate Governance Committee and the Board o