

CALAVO GROWERS INC

Form DEF 14A

February 28, 2008

**Table of Contents**

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

**SCHEDULE 14A**

(RULE 14a-101)

**SCHEDULE 14A INFORMATION**

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:

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- o 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:

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Table of Contents

Since 1924

*The First Name in Avocados*  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 23, 2008**

**TO THE SHAREHOLDERS OF CALAVO GROWERS, INC.:**

**NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Calavo Growers, Inc., a California corporation (the Company ), will be held on April 23, 2008 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 2008;
- (3) 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 March 7, 2008 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 enclose 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.

All shareholders are cordially invited to attend the Annual Meeting.

By order of the Board of Directors,

Lecil E. Cole  
*Chairman of the Board of Directors,  
Chief Executive Officer and President*

March 17, 2008  
Santa Paula, California

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**TABLE OF CONTENTS**

<b><u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u></b>	<b>1</b>
<b><u>CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS</u></b>	<b>8</b>
<b><u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u></b>	<b>13</b>
<b><u>PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	<b>16</b>
<b><u>COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b>17</b>
<b><u>TRANSACTIONS WITH RELATED PARTIES</u></b>	<b>18</b>
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>20</b>
<b><u>PRINCIPAL AUDITOR FEES AND SERVICES</u></b>	<b>30</b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b>31</b>
<b><u>ADDITIONAL INFORMATION</u></b>	<b>32</b>

---

**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, 2008, 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 17, 2008 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, our, us, the Company, or we), a California corporation, is providing these proxy materials for you in connection with our annual meeting of the shareholders, which will take place on April 23, 2008. 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 2007 Annual Report, which includes key information from our 2007 Form 10-K;

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 2007, and other required information.

***How may I obtain a copy of Calavo's 2007 Annual Report, Form 10-K and/or other financial information?***

A copy of our 2007 Annual Report, which includes key information from our 2007 Form 10-K, is enclosed.

Shareholders may request another free copy of our 2007 Annual Report and/or a free copy of our entire Form 10-K, from:

Corporate Controller  
Calavo Growers, Inc.  
1141A Cummings Road  
Santa Paula, California 93060

**Table of Contents**

Alternatively, current and prospective investors can access our 2007 Annual Report and our 2007 Form 10-K on our website at <http://www.calavo.com>, under Investor Relations.

Calavo also will furnish any exhibit to our 2007 Form 10-K, if specifically requested.

***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 us at the address above 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.

***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 2008 fiscal year  
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 two 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 a candidate for director, 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 nominees for election to the Board and FOR the ratification of our independent registered public accounting firm for the 2008 fiscal year.

***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**

**Table of Contents**

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 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.

***What shares can I vote?***

Each share of Calavo common stock issued and outstanding as of the close of business on March 7, 2008, 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*, Calavo had approximately 14,403,000 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 cards provided and mailing them in the accompanying pre-addressed envelopes.

***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.



**Table of Contents**

***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.

***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 are votes counted?***

In the election of directors, you may vote FOR, AGAINST or ABSTAIN with respect to each of the nominees. If you elect to abstain in the election of directors, the abstention will not impact the election of directors. In tabulating the voting results for the election of directors, only FOR and AGAINST votes are counted. You also may cumulate your votes as described in question 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 2008 fiscal year. If you elect to abstain, the abstention will have the same effect as an AGAINST vote.

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 and FOR ratification of the appointment of our independent registered public accounting firm).

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

In the election of directors, the 13 director candidates receiving the highest number of affirmative votes will be elected. Approval of the proposal to ratify the appointment of our independent registered public accounting firm for the 2008 fiscal year 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 the beneficial owner of shares held in the name of a broker, trustee or other nominee and do not provide that broker, trustee or other nominee with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions have the same effect as votes against the matter except in the election of directors, as described above.

**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 March 7, 2008, 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 our transfer agent, Computershare.

***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 Computershare, our transfer agent, 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 in our quarterly report on Form 10-Q for the second quarter of fiscal 2008.

***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 and ratification of our independent registered public accounting firm. In addition, management will report on our performance during fiscal year 2007 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. Admission to the meeting will be on a first-come, first-serve basis.

***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 18, 2008. 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 31, 2008, 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 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.

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.

**Table of Contents**

***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](mailto: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 and Committee Composition**

As of the date of this proxy statement, our Board has 13 directors. The Board has recommended the election of the 13 director nominees who are identified in this proxy statement.

The Board has the following four committees: (1) Executive, (2) Audit, (3) Nominating and 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 2007, the Board held 12 meetings. Each director attended at least 75% of all Board and applicable Committee meetings. Directors are encouraged by the Board to attend annual meetings of Calavo shareholders and all of our then-directors attended the 2007 annual meeting of shareholders. The Board has determined that each current member of the Audit Committee, Nominating and Governance Committee and Compensation Committee is independent within the meaning of Nasdaq Rule 4200(a)(15), and that each current member of the Audit Committee is independent within the meaning of applicable regulations of the Securities and Exchange Commission regarding the independence of audit committee members.

Director	Executive Committee	Audit Committee	Nominating and Governance Committee	Compensation Committee
Lecil E. Cole	**			
Michael D. Hause		**	*	
Fred J. Ferrazzano		*	*	**
Alva V. Snider			*	*
George H. Barnes		*	*	
Harold S. Edwards	*			
Alan Van Wagner				*
Egidio Carbone, Jr.		*		*
Donald M. Sanders	*			
Dorcas H. McFarlane	*			
Scott Van Der Kar	*			
J. Link Leavens	*			
John M. Hunt		*	**	*
Number of meetings in fiscal year 2007	1	4	1	5

\* 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 in fulfilling its responsibilities for generally overseeing our financial reporting processes and the audit of our financial statements, including the integrity of our financial

**Table of Contents**

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; annually reviews its charter and performance; 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; and reviews other risks that may have a significant impact on our financial statements. The Audit Committee works closely with management as well as the independent registered public accounting firm.

The Board determined that each of Michael Hause, Chair of the Audit Committee, and Audit Committee members George Barnes, Fred Ferrazzano, John Hunt, and Egidio Carbone is independent pursuant to applicable listing standards governing audit committee members. The Board also determined that Michael Hause is an audit committee financial expert 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 31. The charter of the Audit Committee is on our website at <http://www.calavo.com>.

***Nominating and Governance Committee.*** The Nominating and Governance Committee recommends candidates to be nominated for election as directors at our annual meeting, consistent with criteria approved by the Board; develops and regularly reviews corporate governance principles and related policies for approval by the Board; oversees the organization of the Board to discharge the Board's duties and responsibilities properly and efficiently; and sees that proper attention is given and effective responses are made to shareholder concerns regarding corporate governance. Other specific duties and responsibilities of the Nominating and Governance Committee include: annually assessing the size and composition of the Board, including developing and reviewing director qualifications for approval by the Board; identifying and recruiting new directors and considering candidates proposed by shareholders; recommending assignments of directors to committees to ensure that committee membership complies with applicable laws and listing standards; conducting a preliminary review of director independence and financial literacy and expertise of Audit Committee members; and overseeing director orientation and continuing education. The Nominating and Governance Committee also reviews proposed changes to our Articles of Incorporation, Bylaws and Board committee charters; conducts ongoing reviews of potential related party transactions and conflicts of interest, including the review and approval of all related party transactions as defined under SEC rules; reviews shareholder proposals in conjunction with the Chairman of the Board and recommends Board responses; oversees the self-evaluation of the Board and its committees; oversees the annual evaluation of the CEO conducted by the lead independent director, in conjunction with the Compensation Committee, with input from all Board members; oversees the Compensation Committee's evaluation of senior management; and reviews requests for indemnification under our Bylaws.

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

***Compensation Committee.*** The Compensation Committee discharges the Board's responsibilities relating to the compensation of our executives and directors; reviews and approves the report required by the U.S. Securities and Exchange Commission for inclusion in the annual proxy statement; provides general oversight of our compensation structure; reviews and provides guidance on human resources programs; and retains and approves the terms of the retention of compensation consultants and other compensation experts. Other specific duties and responsibilities of the Compensation Committee include reviewing senior management selection and overseeing succession planning; reviewing and approving objectives relevant to executive officer compensation, evaluating performance and 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; establishing compensation policies and practices for service on the Board and its committees and for the Chairman of the Board; developing guidelines for and monitoring director and executive stock ownership; and annually evaluating its performance and its charter. We plan on posting the Compensation Committee charter on our website in the near future.





## **Table of Contents**

### **Director Independence**

Our Corporate Governance Guidelines and the Rules of the Nasdaq Stock Market provide that a majority of our thirteen-member Board must consist of independent directors. Pursuant to such guidelines, a director will not be considered independent in the following circumstances:

- (1) The director is, or has been in the past three years, an employee of Calavo, or a family member of the director is, or has been in the past three years, an executive officer of Calavo.
- (2) The director has received, or has a family member who has received, compensation from us in excess of \$100,000 in any 12 month period in the past three years, other than compensation for board service, compensation received by the director's family member for service as a non-executive employee, and benefits under a tax-qualified plan or other non-discretionary compensation.
- (3) The director is, or has a family member who is, a current partner of our outside auditor, or was a partner or employee of our outside auditor, who worked on our audit at any time during any of the past three years.
- (4) The director is, or has a family member who is, employed as an executive officer of another entity where, at any time during the past three years, any of our executive officers served on the compensation committee of that other entity.
- (5) The director is, or a family member is, a partner in, or a controlling shareholder or an executive officer of, any organization to which we made, or from which we received, payments for property or services in the current or any of the past three fiscal years that exceed the greater of 5% of the recipient's consolidated gross revenues for that year, or \$200,000.

For these purposes, a family member includes a director's spouse, parents, step-parents, children, step-children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than tenants or employees) who shares the director's home.

In determining independence, the Board reviews whether directors have any material relationship with us. The Board considers all relevant facts and circumstances. In assessing the materiality of a director's relationship to us, the Board considers the issues from the director's standpoint and from the perspective of the persons or organizations with which the director has an affiliation and is guided by the standards set forth above. The Board reviews commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, if applicable. An independent director must not have any material relationship with us, either directly or as a partner, shareholder or officer of an organization that has a relationship with us, or any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board has determined that each of the following seven non-employee director nominees standing for election is independent within the meaning of Nasdaq Stock Market Marketplace Rule 4200(a)(15): Michael Hause, George Barnes, Fred Ferrazzano, John Hunt, Alva Snider, Egidio Carbone, Jr., and Alan Van Wagner.

### **Director Nominees**

#### *Shareholder nominees*

The Nominating and Governance Committee will consider shareholder nominations for candidates for membership on the Board. In evaluating such nominations, the Nominating and 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 Governance Committee should include the nominee's name and qualifications for Board membership and should be addressed to:

**Table of Contents**

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 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.

*Identifying and Evaluating Nominees for Director*

The Nominating and Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating and 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 Governance Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating and 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 Governance Committee, and may be considered at any point during the year. As described above, the Nominating and 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 Governance Committee. The Nominating and 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.

**Table of Contents****DIRECTOR COMPENSATION**

Each of our non-employee directors is paid \$10,000 annually, for services rendered January to December, and is reimbursed for reasonable expenses incurred in connection with performance of their duties as directors. Committee chairs/co-chairs received a \$2,500 retainer in January 2007 for services to be rendered through December 2007. Each non-employee director also receives cash compensation of \$2,000 for attendance at each board meeting. Additionally, committee members receive \$500 per 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.

**Director Compensation Table**

The following table summarizes compensation that our directors (other than Lecil Cole, a named executive officer) earned during fiscal 2007 for services as members of our board of directors.

Name	Fees Earned or		Total
	Paid in Cash	Option Awards	
	(\$)	(\$) <sup>(1)</sup>	(\$)
George Barnes	\$ 35,000	\$	\$35,000
Egidio Carbone	\$ 42,500	\$	\$42,500
Michael Hause <sup>(6)</sup>	\$ 39,000	\$ 4,181 <sup>(2)</sup>	\$43,181
John Hunt	\$ 39,500	\$	\$39,500
J. Link Leavens	\$ 35,000	\$	\$35,000
Dorcas McFarlane	\$ 32,500	\$	\$32,500
Donald Sanders <sup>(5)</sup>	\$ 35,500	\$ 4,181 <sup>(2)</sup>	\$39,681
Alva Snider	\$ 34,000	\$	\$34,000
Scott Van Der Kar	\$ 37,000	\$	\$37,000
Harold Edwards <sup>(4)</sup>	\$ 33,500	\$ 3,784 <sup>(3)</sup>	\$37,284
Alan Van Wagner <sup>(4)</sup>	\$ 35,500	\$ 3,784 <sup>(3)</sup>	\$39,284
Fred Ferrazzano	\$ 39,000	\$	\$39,000

(1) Valuation based on the dollar amount of option grants recognized for financial statement reporting purposes pursuant to SFAS 123R with respect to fiscal 2007. 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 the year  
ended  
October 31,  
2007.

- (2) The grant date fair value was approximately \$151,000, computed in accordance with FAS 123R.
- (3) The grant date fair value was approximately \$40,000, computed in accordance with FAS 123R.
- (4) Mr. Edwards and Mr. Van Wagner each held 10,000 options to purchase common shares at October 31, 2007.
- (5) Mr. Sanders held 25,000 options to purchase common shares at October 31, 2007.
- (6) Mr. Hause held 24,000 options to purchase common shares at October 31, 2007.



**Table of Contents**

**PROPOSALS TO BE VOTED ON  
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 13 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.

**Our Board recommends a vote FOR the election to the Board of the each of the following nominees.**

**Lecil E. Cole** Director since 1982  
Mr. Cole, age 68, 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. Mr. Cole farms a total of approximately 4,400 acres in California and Hawaii on which avocados, papayas and cattle are produced and raised.

**George H. Barnes** Director since 2004  
Mr. Barnes, age 75, 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.

**Michael D. Hause** Director since 2003  
Mr. Hause, age 54, has served as President and Chief Executive Officer of Santa Clara Valley Bank N.A since October 2001. Prior to October 2001, Mr. Hause served as Senior Vice President of Farm Credit West (previously Central Coast Farm Credit) in the capacity of Director of Internal Audit for a period of 8 years. Mr. Hause is a former Certified Internal Auditor and a former member of the Institute of Internal Auditors.

**Donald M. Sanders** Director since 2002  
Mr. Sanders, age 60, 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.

**Table of Contents**

**Fred J. Ferrazzano** Director since 1985  
 Mr. Ferrazzano, age 74, has served as the President and Chief Executive Officer of Ferrazzano Farms, Inc. since 1973 and has owned and operated avocado groves since 1973. He is the President and Chief Executive Officer of Westbridge Estates, Inc., a residential homes developer, and has served in such capacity since 1989. He has served in excess of five years as Chairman, President, and Chief Executive Officer of the Conservative Order of Good Guys, a political action committee. Mr. Ferrazzano is a retired Commander in the United States Navy.

**Alva V. Snider** Director since 1987  
 Mr. Snider, age 91, has owned and managed a seven-acre avocado and specialty crop grove since 1968 and is a former director of the California Avocado Commission. He is a retired manager of Shell Chemical Corp.

**Scott Van Der Kar** Director since 1994  
 Mr. Van Der Kar, age 53, 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.

**J. Link Leavens** Director since 1987  
 Mr. Leavens, age 56, 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.

**Dorcas H. McFarlane** Director since 1986  
 Ms. McFarlane, age 76, owns and operates the J.K. Thille Ranches, a 280-acre farm on which avocados, lemons and vegetables have been grown since 1972. She is a former member of the board of the Saticoy Lemon Association, and a current member of the boards of the Agricultural Issues Center and the Agricultural Council of California.

**John M. Hunt** Director since 1993  
 Mr. Hunt, age 51, has served as the General Manager of Embarcadero Ranch since 1982 where he manages a 400-acre avocado and citrus ranch.

**Egidio Carbone, Jr.** Director since 2005  
 Mr. Carbone, age 67, served as Vice-President, Finance and Corporate Secretary for Calavo Growers, Inc. from 1980 to 2002.

**Harold Edwards** Director since 2006  
 Mr. Edwards, age 42, has been the President and Chief Executive Officer of Limoneira Company, an agricultural, real estate and community development company, since November 2004. Prior to joining Limoneira Company, Mr. Edwards was the President of Puritan Medical Products, a division of Airgas Inc. from January 2003 to November 2004; Vice President and General Manager of Latin America and Global Expert of Fischer Scientific International, Inc. from September 2001 to December 2002; General Manager of Cargill Animal Nutrition Philippines operations, a division of Cargill, Inc., from May 2001 to September 2001; and Managing Director of Agribrands Philippines, Inc., a division of Agribrands International (Purina) from 1999 to 2001. Mr. Edwards is a graduate of American Graduate School of International Management and Lewis and Clark College.

**Table of Contents**

**Alan Van Wagner**

Director since 2006

Mr. Van Wagner, age 63, has served as President and Chief Executive Officer of Turners Machinery Inc., a machine tool trading company, since 1971. Additionally, Mr. Van Wagner has served as President and Chief Executive Officer of Retrofit to CNC Inc. (dba OCO Tool) from 2000 to present time. Mr. Van Wagner farms a 69-acre lemon and avocado ranch.



**Table of Contents**

**PROPOSAL NO. 2**

**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Ernst & Young LLP as the independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending October 31, 2008. During fiscal 2007, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain tax services. See *Principal Accountant Fees and Services* on page 30. Representatives of Ernst & Young LLP are expected to attend the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

**Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2008 fiscal year.** If the appointment is not ratified, the Board will consider whether it should select another independent registered public accounting firm.

**Table of Contents****COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information, as of February 1, 2008, concerning beneficial ownership by:  
holders of more than 5% of our common stock,

Calavo directors and nominees and each of the named executive officers, and

current directors and Calavo executive officers as a group.

The information provided in the table is based on Calavo's records, information filed with the SEC and information provided to Calavo, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting power or investment power and also any shares that the entity or individual has the right to acquire as of March 29, 2008 (60 days after February 1, 2008) through the exercise of any stock option or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

<b>Name of Beneficial Owner (1)</b>	<b>Shares of Common Stock Beneficially Owned as of February 1, 2008</b>	<b>Percent of Common Stock Beneficially Owned as of February 1, 2008</b>
Lecil E. Cole(2)	1,885,429	12.8%
Limoneira Company	1,000,000	6.8
Fred J. Ferrazzano(3)	63,001	*
Alva V. Snider(4)	96,528	*
Scott Van Der Kar(5)	162,231	1.1
J. Link Leavens(6)	463,240	3.1
Dorcas H. McFarlane	136,055	*
John M. Hunt	45,000	*
Michael D. Hause(7)	17,200	*
George H. Barnes(8)	12,700	*
Donald M. Sanders(9)	48,821	*
Egidio Carbone, Jr.	5,000	*
Robert J. Wedin(11)	11,000	*
Harold Edwards(10)	2,900	*
Alan Van Wagner(10)	2,100	*
Arthur J. Bruno(12)	59,942	*
Michael A. Browne		*
Alan C. Ahmer(11)	15,422	*
All directors and executive officers as a group (17 persons)	3,026,569	20.6

\* Less than 1.0%.

(1) Each person's address is the address of the

Company,  
which is 1141-A  
Cummings  
Road, Santa  
Paula, CA,  
93060.

- (2) Includes 200,000 shares that may be acquired upon the exercise of outstanding stock options.
- (3) Includes 56,374 shares held by Mr. Ferrazzano as trustee in an individual retirement account and 6,627 shares in an individual retirement account with respect to Mr. Ferrazzano's wife as the trustee.
- (4) Includes 96,528 shares held by Mr. Snider as trustee in a family trust.
- (5) Includes 162,231 shares held by Mr. Van Der Kar as trustee in multiple family trusts.
- (6) Includes 308,809 shares held by Mr. Leavens that are owned of record by

partnerships of which Mr. Leavens is a partner.

- (7) Includes 12,000 shares that may be acquired upon the exercise of outstanding stock options.
- (8) Includes 12,700 shares held in a family trust with respect to which Mr. Barnes is co-trustee with his wife.
- (9) Includes 25,000 shares that may be acquired upon the exercise of outstanding stock options.
- (10) Includes 2,000 shares that may be acquired upon the exercise of outstanding stock options. Also, Mr. Edwards is the Chief Executive Officer of Limoneira Company. Mr. Edwards disclaims beneficial ownership of any shares of our common stock that are owned by

Limoneira  
Company.

(11) Includes 10,000  
shares that may  
be acquired  
upon the  
exercise of  
outstanding  
stock options.

(12) Includes 50,000  
shares that may  
be acquired  
upon the  
exercise of  
outstanding  
stock options.

**Table of Contents**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission reports regarding their ownership and changes in ownership of our securities. We believe that, during fiscal year 2007, our directors, executive officers and 10% shareholders complied with all Section 16(a) filing requirements, with the following exceptions: Alva Snider, Rob Wedin, Link Leavens, George Barnes, and Scott Van Der Kar each failed once to timely report their acquisitions and/or dispositions of their shares of common stock on the appropriate forms (i.e. Form 4). In making this statement, we have relied upon our examination of the copies of Forms 3, 4 and 5, and amendments thereto, provided to us and the written representations of our directors, executive officers and 10% shareholders.

**TRANSACTIONS WITH RELATED PARTIES**

**Related Person Transaction Policies and Procedures**

Calavo has adopted a written policy for approval of transactions between Calavo and its directors, director nominees, executive officers, beneficial owners of more than 5% of our common stock, and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed \$100,000 in a single calendar year.

The policy provides that the Nominating and Governance Committee reviews certain transactions subject to the policy and decides whether or not to approve or ratify those transactions. In doing so, the Nominating and Governance Committee determines whether the transaction is in the best interests of Calavo. In making that determination, the Nominating and Governance Committee takes into account, among other factors it deems appropriate:

The extent of the related person's interest in the transaction;

Whether the transaction is on terms generally available to an unaffiliated third-party under the same or similar circumstances;

The benefits to Calavo;

The impact or potential impact on a director's independence in the event the related party is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer;

The availability of other sources for comparable products or services; and

The terms of the transaction.

The Nominating and Governance Committee has delegated authority to the chair of the Nominating and Governance Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than \$200,000. A summary of any new transactions pre-approved by the chair is provided to the full Board of Directors for its review in connection with each of the Board's regularly scheduled meetings.

The Nominating and Governance Committee has adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include:

1. Director compensation;
2. Transactions valued at less than \$200,000 or 2% of the other company's consolidated gross revenues, where the related person has an interest only as an employee (other than executive officer), director or beneficial holder of less than 10% of the other company's shares;
3. Transactions where all shareholders receive proportional benefits;
- 4.

Papaya sales related to papayas sourced from the entity owned by Lee Cole, our Chairman of our Board of Directors and CEO, as discussed below;

5. Avocados delivered to us from our directors pursuant to our customary marketing agreements, as discussed below.

**Table of Contents**

We sell papayas procured from an entity owned by Lee Cole. Sales of papayas amounted to approximately \$5,887,000, \$4,822,000, and \$6,251,000 for the years ended October 31, 2007, 2006 and 2005, resulting in gross margins of approximately \$547,000, \$285,000, and \$510,000. Net amounts due to this entity approximated \$438,000 and \$213,000 at October 31, 2007 and 2006.

Seven of our thirteen directors are controlling shareholders, partners, and/or executive officers of entities that market avocados through us pursuant to customary marketing agreements. During the fiscal year ended October 31, 2007, we paid the following amounts to each of the following directors, including to any entity affiliated with the director, with respect to avocados marketed through us (note: only amounts in excess of \$120,000 are disclosed):

Director	Amounts paid to director or affiliated entity pursuant to marketing agreements
Lecil E. Cole	\$ 1,083,068
Donald M. Sanders	463,535
Scott Van Der Kar	918,311
J. Link Leavens	2,976,669
Dorcas H. McFarlane	249,341
Harold Edwards	3,714,689

Accounts payable to these Board members were \$0.2 million and \$0.6 million as of October 31, 2007 and 2006.



**Table of Contents**

**EXECUTIVE COMPENSATION**  
**Compensation Discussion and Analysis**

**Overview**

This compensation discussion and analysis explains the material elements of the compensation awarded to, earned by, or paid to each of our executive officers who served as our named executive officers during the last completed fiscal year.

**Compensation Program Objectives and Philosophy**

The compensation committee of our board of directors currently oversees the design and administration of our executive compensation program. Our compensation committee's primary objectives in structuring and administering our executive officer compensation program are to:

attract, motivate and retain talented and dedicated executive officers;

tie annual and long-term cash and stock incentives to achievement of measurable corporate and individual performance objectives; and

reinforce business strategies and objectives for enhanced shareholder value.

To achieve these goals, our compensation committee maintains compensation plans that tie a portion of executives' overall compensation to key strategic goals, such as financial and operational performance, as measured by metrics such as net income. Our compensation committee evaluates individual executive performance with a goal of setting compensation at levels the committee believes are comparable with those of executives at other companies of similar size and stage of growth, while taking into account our relative performance and our own strategic goals.

The principal elements of our executive compensation program are base salary, annual cash bonus awards, long-term equity incentives in the form of stock options, and other benefits and perquisites. Our other benefits and perquisites consist of life and health insurance benefits and a qualified 401(k) savings plan.

We view these components of compensation as related, but distinct. Although our compensation committee does review total compensation, we do not believe that significant compensation derived from one component of compensation should negate or offset compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on competitive benchmarking consistent with our recruiting and retention goals, our view of internal equity and consistency, and other considerations we deem relevant, such as rewarding extraordinary performance.

**Determination of Compensation Awards**

Our compensation committee currently performs at least annually a strategic review of our executive officers' compensation to determine whether they provide adequate incentives and motivation to our executive officers and whether they adequately compensate our executive officers relative to comparable officers in other similarly situated companies. Our compensation committee's most recent review occurred in February 2008.

Typically, our compensation committee meetings have included, for all or a portion of each meeting, the committee members and our chief executive officer. For compensation decisions relating to executive officers other than our chief executive officer, our compensation committee typically considers recommendations from our chief executive officer.

When determining compensation for our chief executive officer, our compensation committee considers such factors as competitive industry salaries, an assessment of his contributions made during the preceding year, and his industry expertise. Our Chief Executive Officer does not attend the portion of the compensation committee's meetings regarding his compensation.

**Table of Contents**

It is our policy generally to qualify compensation paid to executive officers for deductibility under Section 162(m) of the Internal Revenue Code. Section 162(m) generally prohibits us from deducting the compensation of officers that exceeds \$1,000,000, unless that compensation is based on the achievement of objective performance goals. We believe our 2005 Stock Incentive Plan is structured to qualify stock options and restricted stock awards under such plan as performance-based compensation and to maximize the tax deductibility of such awards. However, we reserve the discretion to pay compensation to our officers that may not be deductible.

**Benchmarking of Compensation**

The compensation committee believes it is important when making its compensation-related decisions to be informed as to current practices of similarly situated companies. As a result, the compensation committee reviews third-party surveys and other information collected from public sources for executive officers at peer companies. The compensation committee also receives the recommendation of our chief executive officer on compensation for other executive officers. The compensation committee often engages third party consultants to advise the compensation committee on compensation matters. Studies often review the cash and equity compensation practices of multiple companies with annual revenues ranging from approximately \$17 million to \$4.4 billion. While benchmarking may not always be appropriate as a stand-alone tool for setting compensation due to the aspects of our business and objectives that may be unique to us, we generally believe that gathering this information is an important part of our compensation-related decision-making process.

**Base Compensation**

We provide our named executive officers and other executives with base salaries that we believe enable us to hire and retain individuals in a competitive environment and to reward individual performance and contribution to our overall business goals, while taking into account the unique circumstances of our company. We review base salaries for our named executive officers annually and increases are based on our performance and individual performance. We also take into account the base compensation that is payable by companies that we believe to be our competitors and by other public companies with which we believe we generally compete for executives. The base salary of our chief executive officer, Mr. Cole, is reviewed and recommended by our compensation committee, whose members are all of our independent directors.

In February 2007, our compensation committee determined that it was appropriate to increase Mr. Cole's annual base salary from approximately \$390,000 to \$406,000 in light of his experience and contributions to our growth.

Additionally, our compensation committee recommended, and our board approved, base salary increases for Messrs. Bruno, Ahmer, Browne, and Wedin. Mr. Bruno's annual base salary in 2006 was set at approximately \$216,000 and was increased to \$225,000 for 2007. Mr. Ahmer's annual base salary in 2006 was set at approximately \$172,000 and was increased to \$180,000 for 2007. Mr. Browne and Mr. Wedin's annual base salary in 2006 was set at approximately \$173,000 and was increased to \$180,000 for 2007. For 2007, the base salaries accounted for approximately 36% of total compensation for our chief executive officer and approximately 68% on average for our other named executive officers.

In February 2008, the compensation committee increased all of our executive officers annual base salaries by 15%. Mr. Cole's annual base salary increased to approximately \$466,000, Mr. Bruno's increased to approximately \$259,000, and Messrs. Ahmer, Browne, and Wedin increased to approximately \$207,000. In awarding these increases, the committee considered our performance in 2007, as well as the base salaries paid by our peer companies to similarly situated executives. The compensation committee believes that this increase in these base annual salaries was necessary to continue to retain these services in a competitive market.

**Annual Cash Bonus Awards**

In fiscal 2006, our compensation committee evaluated our cash bonus compensation practices in light of the objectives of our compensation program. Based on this evaluation, our compensation committee determined that it was appropriate for our executive officers to be eligible for cash compensation pursuant to an annual cash bonus plan. Under the terms of the bonus plan, the compensation committee established performance objectives and calculable annual target bonus amounts for each executive officer. In determining the appropriate level of target bonus for each officer, the compensation committee considered information provided through independent, third-party surveys and other information collected from public sources for similar positions at peer companies.



**Table of Contents**

The performance objectives for fiscal year 2006, which carried forward to fiscal 2007, were approved in fiscal 2006. For each performance objective, there is a formula that establishes a specific cash payout for each executive officer based on a percentage of net income. With respect to this objective, we have to achieve a specified minimum for the year in order for the objective to be considered in the determination of bonuses. We believe that the minimum performance objective is moderately difficult to achieve and that performance at a high level, while devoting full time and attention to their responsibilities, will be required for our executive officers to earn their minimum respective cash bonuses.

During the first quarter of fiscal 2008, related to fiscal 2007 performance, the compensation committee approved cash bonuses under our bonus plan as follows: Mr. Cole, approximately \$256,000, Mr. Bruno, approximately \$91,000, Mr. Ahmer, Mr. Browne and Mr. Wedin, approximately \$37,000. These cash bonuses represented approximately 24% of Mr. Cole's 2007 annual salary and approximately 18% on average for our other named executive officers.

In August 2006, we entered into a Cash Bonus Award Agreement with Mr. Cole. Pursuant to such agreement, we agreed to pay five annual cash bonus payments to Mr. Cole, with each payment being equal to 738 multiplied by the average price of Limoneira Company, a Delaware corporation, common stock price at the time of the bonus payment. During fiscal 2006, the total bonus paid was approximately \$140,000. During fiscal 2007, the total bonus paid was approximately \$240,000. Mr. Cole is entitled to receive subsequent annual bonus payments only if he is serving as Calavo's Chief Executive Officer at the time of each payment. Additionally, in March 2007, Mr. Cole received a \$150,000 stay-bonus payment for services to be rendered from March 2007 through February 2008 (this bonus payment was approved by the Board of Directors in fiscal 2006). Collectively, these bonus payments, which were contemplated as a result of Mr. Cole's valuable contributions to the Company, represented approximately 36% of Mr. Cole's fiscal 2007 salary.

**Equity Compensation**

We believe that equity ownership by our executive officers provides important incentives to build shareholder value and align the interests of executive officers with those of our shareholders. The compensation committee develops its equity award determinations based on its judgments as to whether the complete compensation packages provided to our executives, including prior equity awards, are sufficient to retain, motivate and adequately award the executives. This judgment is based in part on information provided by reviewing the equity compensation practices of companies that we believe to be our competitors and by other public companies with which we believe we generally compete for executives.

We have not granted any equity awards to our named executive officers since fiscal 2005, whereby our named executive officers were granted equity awards. In light of the appreciation in value, we believe that the 2005 grant, in conjunction with the increase in base pay discussed above, has sufficiently incentivized our executives and thus the objectives of our executive compensation program have been met without granting additional equity awards to our named executive officers.

We grant equity compensation to our executive officers and other employees under our 2005 Stock Option Plan, which we refer to as the 2005 Plan. Substantially, all of our stock options have a 5-year contractual term from the grant date (some have a 5-year term from the vesting date). Beginning November 2005, we began accounting for stock-based payments in accordance with the requirements of FASB Statement 123R.

For fiscal 2008, our compensation committee has not determined what, if any, equity incentives it will award to our named executive officers.

**Executive Benefits and Perquisites**

We provide the opportunity for our named executive officers and other executives to receive certain perquisites and general health and welfare benefits. We also offer participation in our defined contribution 401(k) plan. After three months of service, we contribute 50% of the participants' contributions to their 401(k) plan, at a cap of 2%, and also contribute an additional 4%, regardless of such participants' contributions, if any, to their 401(k) plan (note that our contributions are subject to certain vesting requirements, as defined). We provide these benefits to create additional incentives for our executives and to remain competitive in the general marketplace for executive talent.

**Table of Contents**

**Compensation Committee Report**

The Compensation Committee of the Board of Directors of Calavo Growers, Inc. has reviewed and discussed with management the Compensation Discussion and Analysis. Based on this review and discussion, it has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in our proxy statement for the 2008 Annual Meeting.

**COMPENSATION COMMITTEE**

Fred Ferrazzano, Chair

John Hunt

Alva Snider

Egidio Carbone

Alan Van Wagner

**Table of Contents**

The following table shows information concerning the annual compensation for services provided to us by our Chief Executive Officer, our Chief Operating and Financial Officer, and our three other most highly compensated executive officers during 2007.

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Lecil Cole Chief Executive Officer, President	2007	\$395,200	\$ 646,455 <sup>(6)</sup>	\$ 41,573 <sup>(1)</sup>	\$1,083,228
Arthur Bruno Chief Operating Officer, Chief Financial Officer	2007	219,209	91,595	\$ 36,518 <sup>(2)</sup>	347,322
Alan Ahmer Vice President, Processed Product Sales and Production	2007	174,938	36,638	\$ 37,823 <sup>(3)</sup>	249,399
Michael Browne Vice President, Fresh Operations	2007	175,621	36,638	\$ 42,897 <sup>(4)</sup>	255,156
Robert Wedin Vice President, Sales and Fresh Marketing	2007	175,621	36,638	\$ 36,368 <sup>(5)</sup>	248,627

(1) Consists of (i) \$16,877 we paid on behalf of Mr. Cole related to health insurance, (ii) \$11,196 we paid to Mr. Cole related to a car allowance, and (iii) \$13,500 of contributions made by us to our 401(k) plan on behalf of Mr. Cole.

(2) Consists of (i) \$12,313 we paid on behalf of Mr. Bruno related to health insurance, (ii)

\$11,196 we paid to Mr. Bruno related to a car allowance, and (iii) \$13,009 of contributions made by us to our 401(k) plan on behalf of Mr. Bruno.

- (3) Consists of (i) \$14,844 we paid on behalf of Mr. Ahmer related to health insurance, (ii) \$11,000, which represents the estimated personal usage of a company-leased car (based upon the lease payments we made), and (iii) \$11,979 of contributions made by us to our 401(k) plan on behalf of Mr. Ahmer.

- (4) Consists of (i) \$19,896 we paid on behalf of Mr. Browne related to health insurance, (ii) \$11,196 we paid to Mr. Browne related to a car allowance, and (iii) \$11,805 of contributions made by us to our 401(k) plan on behalf of Mr. Browne.

- (5) Consists of (i) \$11,928 we paid on behalf of Mr. Wedin related to health insurance, (ii) \$11,196 we paid to Mr. Wedin related to a car allowance, and (iii) \$13,244 of contributions made by us to our 401(k) plan on behalf of Mr. Wedin.
  
- (6) Consists of a \$239,990 cash bonus award payment (see discussion above), a \$150,000 stay-bonus award (see discussion above), and a \$256,465 annual cash bonus award (see discussion above and below).



**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2007**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>		
		Threshold (\$)	Target (\$)	Maximum (\$)
Lecil Cole Chief Executive Officer, President	January 2007	\$256,465 <sup>(2)</sup>	\$	\$
Arthur Bruno Chief Operating Officer, Chief Financial Officer	January 2007	91,595 <sup>(2)</sup>		
Alan Ahmer Vice President, Processed Product Sales and Production	January 2007	36,638 <sup>(2)</sup>		
Michael Browne Vice President, Fresh Operations	January 2007	36,638 <sup>(2)</sup>		
Robert Wedin Vice President, Sales and Fresh Marketing	January 2007	36,638 <sup>(2)</sup>		

(1) Our current cash bonus plan has minimum thresholds, by officer, but no target or maximum payout amounts. For each performance objective, there is a formula that establishes a specific cash payout for each executive officer based on a percentage of net income.

(2) See Summary Compensation Table and discussion above.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table summarizes the number of securities underlying outstanding option awards pursuant to our 2005 Stock Incentive Plan for each named executive officer as of October 31, 2007. There are no outstanding, un-exercisable options as of October 31, 2007.

<b>Name</b>	<b>Option Awards</b>		
	<b>Number Of Securities Underlying Unexercised Options (#) Exercisable</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>
Lecil Cole Chief Executive Officer, President	200,000	\$9.10	August 2010
Arthur Bruno Chief Operating Officer, Chief Financial Officer	50,000	\$9.10	August 2010
Alan Ahmer Vice President, Processed Product Sales and Production	10,000	\$9.10	August 2010
Michael Browne Vice President, Fresh Operations	10,000	\$9.10	August 2010
Robert Wedin Vice President, Sales and Fresh Marketing	10,000	\$9.10	August 2010

25

**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

The following table provides information regarding exercises of stock options by each of our named executive officers during the 2007 fiscal year.

<b>Name</b>	<b>Option Awards</b>	
	<b>Number of Shares Acquired on Exercise</b>	<b>Value Realized on Exercise (\$)<sup>(1)</sup></b>
Lecil Cole Chief Executive Officer, President		
Arthur Bruno Chief Operating Officer, Chief Financial Officer		
Alan Ahmer Vice President, Processed Product Sales and Production	10,000	105,000
Michael Browne Vice President, Fresh Operations	10,000	102,100
Robert Wedin Vice President, Sales and Fresh Marketing	10,000	99,218

(1) Represents the difference between the exercise price and the fair market value of the common stock on the date of exercise.

**Compensation Committee Interlocks and Insider Participation**

In fiscal 2007, the members of our Compensation Committee were Fred Ferrazzano, John Hunt, Alva Snider, Egidio Carbone and Alan Van Wagner, who are all non-employee directors. None of such committee members (i) was, during fiscal 2007, an officer or employee of us or any of our subsidiaries, (ii) with the exception of Mr. Carbone, is formerly an officer of us or any of our subsidiaries, or (iii) had any relationship requiring disclosure by us pursuant to any paragraph of Item 404 of SEC Regulation S-K.

**Table of Contents****Equity Compensation Plan Information**

The following table sets forth information regarding our compensation plans (including individual compensation arrangements) under which shares of our common stock were authorized for issuance as of October 31, 2007:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by shareholders <sup>(1)</sup>	333,000	\$ 9.18	4,053,750
Equity compensation plans not approved by shareholders <sup>(2)</sup>	49,000	\$ 7.00	1,770,610
<b>Total</b>	<b>382,000</b>		<b>5,835,360</b>

(1) The plans in this category include the 2005 Stock Incentive Plan of Calavo Growers, Inc. and our 2001 Stock Purchase Plan for Officers and Employees.

(2) The only plan in this category is our 2001 Stock Option Plan for Directors.

**2005 Stock Incentive Plan of Calavo Growers, Inc.**

The purpose of the 2005 Stock Incentive Plan of Calavo Growers, Inc. 2005 Plan (the "2005 Plan") is to (i) encourage employees, officers, directors, consultants, and advisors to improve operations and increase the profitability of Calavo, (ii) encourage selected employees, officers, directors, consultants and advisors to accept or continue employment or association with Calavo or its affiliates and (iii) increase the interest of selected employees, officers, directors, consultants, and advisors in Calavo's welfare through participation in the growth in value of our common stock. The 2005 Plan authorizes the granting of the following types of awards to persons who are employees, officers, consultants, advisors, or directors of Calavo Growers, Inc. or any of its affiliates:

Incentive stock options that are intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder;

Non-qualified stock options that are not intended to be incentive stock options; and

Shares of common stock that are subject to specified restrictions.

Subject to the adjustment provisions of the 2005 Plan that are applicable in the event of a stock dividend, stock split, reverse stock split or similar transaction, up to 2,500,000 shares of common stock may be issued under the 2005 Plan and no person shall be granted awards under the 2005 Plan during any 12-month period that cover more than 500,000 shares of common stock.

In August 2005, our Board of Directors approved the issuance of options to acquire a total of 400,000 shares of our common stock to various employees of the Company. The options vest if the closing price of our common stock is at least \$11.00 per share at any time throughout the life of the option. At no time, however, may any options vest within one year from the date of grant. Additionally, such options have an exercise price of \$9.10 per share and a term of 5 years from the grant date. The market price of our common stock at the grant date was \$9.10. In April

**Table of Contents**

2006, the price of our common stock reached \$11/per share. Therefore, all 400,000 options related to our stock option grant that took place in August 2005 vested in August 2006 (for those persons still employed). 9,000 of these options were forfeited during fiscal 2006.

Additionally, in December 2006, our Board of Directors approved the issuance of options to acquire a total of 20,000 shares of our common stock to two members of our Board of Directors. Each grant to acquire 10,000 shares vests in increments of 2,000 per annum over a five-year period and has an exercise price of \$10.46 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 \$10.46. The estimated fair market value of such option grant was approximately \$40,000. During the year ended October 31, 2007, 20,000 options had been granted (as discussed above) and 78,000 had been exercised.

The 2005 Plan is administered by our Compensation Committee, although the Board of Directors has the authority under the 2005 Plan to elect to administer all or selected portions of the 2005 Plan. The Compensation Committee is responsible for selecting the officers, employees, directors, consultants and advisers, if any, who will receive options and restricted stock. Subject to the requirements imposed by the 2005 Plan, the Compensation Committee is also responsible for determining the terms and conditions of each option award, including the number of shares subject to the option, the exercise price, expiration date and vesting period of the option and whether the option is an incentive stock option or a non-qualified stock option. Subject to the requirements imposed by the 2005 Plan, the Compensation Committee is also responsible for determining the terms and conditions of each restricted stock grant, including the number of shares granted, the purchase price (if any) and the vesting, transfer and other restrictions imposed on the stock. The Compensation Committee has the power, authority and discretion to make all other determinations deemed necessary or advisable for the administration of the 2005 Plan or of any award under the 2005 Plan.

Under current law, only officers and other employees are entitled to receive incentive stock options. The exercise price for an incentive stock option may not be less than 100% of the fair market value of the common stock on the date of the grant of the option. With respect to an option holder who owns stock possessing more than 10% of the total voting power of all classes of our stock, the exercise price for an incentive stock option may not be less than 110% of the fair market value of the common stock on the date of the grant of the option. The 2005 Plan also requires that the exercise price for non-qualified stock options not be less than 100% of the fair market value of the common stock on the date of the grant of the option.

Unless otherwise determined by the Compensation Committee, options granted under the 2005 Plan are generally not transferable, except by will or the laws of descent and distribution. Except as otherwise provided in the option agreement, an option ceases to be exercisable ninety days after the termination of the option holder's employment with us.

The Board of Directors may, at any time, amend, discontinue or terminate the 2005 Plan. With specified exceptions, no amendment, suspension or termination of the plan may adversely affect outstanding options or the terms that are applicable to outstanding restricted stock. No amendment or suspension of the 2005 Plan requires shareholder approval unless such approval is required under applicable law or under the rules of any stock exchange or Nasdaq market on which our stock is traded. Unless terminated earlier by the Board of Directors, the 2005 Plan will terminate automatically in February 2014, which is ten years after the adoption of the plan by the Board of Directors.

Pursuant to Section 162(m) of the Internal Revenue Code, Calavo may not deduct compensation in excess of \$1,000,000 paid to each of its chief executive officer and the four next most highly compensated executive officers unless certain exceptions are satisfied. Calavo intends to satisfy the exceptions from the limitation of Section 162(m) as to options and restricted stock under the 2005 Plan.

**2001 Stock Option Plan for Directors**

Our 2001 Stock Option Plan for Directors provided for the grant to our directors of stock options that were not intended to qualify as incentive options under Section 422 of the Internal Revenue Code. Up to 3,150,000 shares of our common stock may had been issued under the plan. That amount was subject to the plan's anti-dilution adjustment provisions in the event of a stock split, reverse stock split, stock dividend, recapitalization, or similar

**Table of Contents**

transaction. As of January 31, 2008, options to purchase 49,000 shares of common stock were outstanding, at a weighted-average exercise price of \$7.00 per share.

This plan was terminated during fiscal 2007. Outstanding options were not impacted by such termination.

Unless otherwise determined by the plan's administrator, options granted under the plan are not transferable except by will or the laws of descent and distribution. Except as otherwise provided in a director's option agreement, an option ceases to be exercisable one year after the termination of the director's service with us.

**2001 Stock Purchase Plan for Officers and Employees**

Our 2001 Stock Purchase Plan for Officers and Employees provides for the grant to our officers and employees of awards that entitle them to purchase shares of our common stock. Up to 2,100,000 shares of our common stock may be issued under the plan. That amount is subject to the plan's anti-dilution adjustment provisions in the event of a stock split, reverse stock split, stock dividend, recapitalization, or similar transaction. As of January 31, 2008, we had issued approximately 279,390 shares under the plan upon the exercise of awards at a price of \$7.00 per share. There were no outstanding but unexercised awards as of that date.

The plan is administered by our Board of Directors, although the board has discretion to appoint a committee to administer the plan. The plan administrator is responsible for selecting the officers and employees who will receive awards. Subject to the requirements imposed by the plan, the administrator is also responsible for determining the terms and conditions of each award, including the number of shares subject to the award and the purchase price of the shares that are subject to the award. The purchase price, however, may not be less than the fair market value of the common stock on the date of the award.

Awards granted under the plan are not transferable except by will or the laws of descent and distribution. Except as otherwise determined by the plan administrator, an unexercised award will terminate upon the termination of an officer's or employee's employment.

The Board of Directors may at any time amend, suspend, or terminate the plan. With specified exceptions, no amendment, suspension, or termination of the plan may adversely affect outstanding awards. No amendment, suspension, or termination of the plan requires shareholder approval unless such approval is required under applicable law or under the rules of the NASDAQ market system. Unless terminated earlier by the Board of Directors, the plan will terminate automatically in December 2011.

**Table of Contents****PRINCIPAL AUDITOR FEES AND SERVICES**

The Audit Committee has appointed Ernst & Young LLP ( EY ) as our independent registered public accounting firm for the fiscal year ending October 31, 2008. Representatives of EY are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

**Fees Incurred by Calavo Growers, Inc. for Ernst & Young LLP**

The following table shows the fees paid or accrued by us for audit and other services provided by EY for fiscal 2007 and 2006 (in thousands).

	<b>2007</b>	<b>2006</b>
Audit Fees <sup>(1)</sup>	\$ 1,084	\$ 1,043
Audit-Related Fees		
Tax Fees <sup>(2)</sup>	162	10
Total	\$ 1,246	\$ 1,053

All services rendered by Ernst & Young LLP were pre-approved by the Audit Committee. The Audit Committee has adopted a pre-approval policy that provides for the pre-approval of all services to be performed for us by Ernst & Young LLP. The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services. Pursuant to this policy, the Board delegated such authority to the Chairman of the Audit Committee. All pre-approval decisions must be reported to the Audit Committee at its next meeting. The audit committee has concluded the provision of the non-audit services listed above is compatible with maintaining the independence of Ernst & Young LLP.

- (1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements, including the audit of management's assessment of internal control over financial reporting, and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory



filings.

- (2) For fiscal year 2007, tax fees principally included tax compliance fees of approximately \$111,000, and tax advice fees totaling approximately \$51,000. For fiscal years 2006, tax fees principally included tax compliance fees of approximately \$10,000.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS**

The Audit Committee represents and assists the Board in fulfilling its responsibilities for general oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm, and risk assessment and risk management. The Audit Committee manages our relationship with its independent registered public accounting firm (which reports directly to the Audit Committee). The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and receives appropriate funding, as determined by the Audit Committee, from Calavo for such advice and assistance.

Our management is primarily responsible for our internal control and financial reporting process. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of our consolidated financial statements and issuing opinions on the conformity of those audited financial statements with United States generally accepted accounting principles and the effectiveness of our internal control over financial reporting. The Audit Committee monitors our financial reporting process and reports to the Board on its findings.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with our management.
2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (Codification of Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board ( PCAOB ) in Rule 3200T.
3. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees ), as adopted by the PCAOB in Rule 3600T, and has discussed with the independent registered public accounting firm its independence.
4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2007, for filing with the Securities and Exchange Commission.

The undersigned members of the Audit Committee have submitted this Report to the Board of Directors.

Audit Committee

Michael D. Hause, Chairman

George H. Barnes

Fred J. Ferrazzano

John M. Hunt

Egidio Carbone

**Table of Contents**

**ADDITIONAL INFORMATION**

**SHAREHOLDERS ENTITLED TO VOTE AT THE ANNUAL MEETING MAY OBTAIN, WITHOUT CHARGE, A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED OCTOBER 31, 2007, OTHER THAN EXHIBITS TO SUCH REPORT, UPON WRITTEN OR ORAL REQUEST TO CALAVO GROWERS, INC., 1141-A CUMMINGS ROAD, SANTA PAULA, CALIFORNIA 93060, TELEPHONE (805) 525-1245, ATTENTION ARTHUR J. BRUNO. WE WILL ALSO FURNISH TO SUCH PERSONS A COPY OF ANY EXHIBITS TO OUR ANNUAL REPORT ON FORM 10-K FOR A FEE OF \$.20 PER PAGE, PAYABLE IN ADVANCE. THIS FEE COVERS ONLY OUR REASONABLE EXPENSES IN FURNISHING THE EXHIBITS.**

**Table of Contents**

**CALAVO GROWERS, INC.  
PROXY FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 23, 2008**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Lecil E. Cole and J. Link Leavens, and each of them, as the attorneys, agents and proxies of the undersigned, with full power of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Shareholders of Calavo Growers, Inc. to be held at 15765 W. Telegraph Road, Santa Paula, California, 93060 on Wednesday, April 23, 2008 at 1:00 p.m., and at any and all adjournments thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE DIRECTORS NOMINATED BY THE BOARD OF DIRECTORS AND FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS MADE, IT WILL BE VOTED FOR DIRECTORS NOMINATED BY THE BOARD OF DIRECTORS AND FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP. IF NO DIRECTION IS MADE, THE VOTING POWER GRANTED TO THE PROXIES INCLUDES THE POWER TO VOTE CUMULATIVELY IN THE ELECTION OF DIRECTORS IF DEEMED NECESSARY OR APPROPRIATE BY THE PROXIES.**

**PLEASE SIGN AND DATE ON THE REVERSE SIDE**

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**Table of Contents**

1. ELECTION OF DIRECTORS
- o **FOR** all nominees listed below (except to withhold authority to vote for any individual nominee or nominees, strike a line through the name(s) of the nominee(s) below.
  - o **WITHHOLD AUTHORITY** to vote for all nominees listed below
  - o **\* CUMULATIVE VOTING ELECTION**

**(INSTRUCTIONS: If you desire to allocate your votes to individual nominees on a cumulative basis, as explained in the accompanying Proxy Statement, mark the CUMULATIVE VOTING ELECTION box and indicate the number of votes that you would like to have cast FOR each nominee. The total of the votes you cast on this proxy may not exceed the number of shares you own times thirteen. For example, if you own 100 shares, you are entitled to cast 1,300 votes for director nominees. However, if you have cast your proxy for either of the other above two choices, do not complete this table.)**

<b>Director Nominee Name</b>	<b>Number of Votes</b>
Lecil E. Cole	Votes FOR
George H. Barnes	Votes FOR
Michael D. Hause	Votes FOR
Donald M. Sanders	Votes FOR
Fred J. Ferrazzano	Votes FOR
Alva V. Snider	Votes FOR
Scott Van Der Kar	Votes FOR
J. Link Leavens	Votes FOR
Dorcas H. McFarlane	Votes FOR
John M. Hunt	Votes FOR
Egidio Carbone, Jr.	Votes FOR
Harold Edwards	Votes FOR
Alan Van Wagner	Votes FOR
<b>Total Votes Cast:</b>	

2. RATIFICATION OF APPOINTMENT OF ERNST & YOUNG LLP as independent accountants of Calavo Growers, Inc. for the year ending October 31, 2008.

3. OTHER BUSINESS. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at any and all adjournments thereof. The Board of Directors, at present, knows of no other business to be presented by or on behalf of Calavo Growers, Inc. or the Board of Directors at the meeting.

**FOR**       **AGAINST**       **ABSTAIN**  
I (WE) WILL  WILL NOT  ATTEND THE MEETING IN PERSON.

**ADDRESS LABEL  
THIS SPACE MUST BE LEFT BLANK**

The undersigned hereby ratifies and confirms all that the attorneys and proxies, or either of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

Dated: \_\_\_\_\_, 2008

Signature

Signature

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustee, etc., should give their full titles.