

CALAVO GROWERS INC  
Form 10-K  
January 30, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-K**

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

**For the fiscal year ended October 31, 2014**

**OR**

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

**Commission file number: 000-33385**

**CALAVO GROWERS, INC.**

**(Exact name of registrant as specified in its charter)**

**California**  
**(State of incorporation)**

**33-0945304**  
**(I.R.S. Employer Identification No.)**

**1141-A Cummings Road, Santa Paula, CA**  
**(Address of principal executive offices)**

**93060**  
**(Zip code)**

**Registrant's telephone number, including area code: (805) 525-1245**

**Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Name Of Each Exchange On Which Registered
Common Stock, \$0.001 Par Value per Share	Nasdaq Global Select Market
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.0405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

Based on the closing price as reported on the Nasdaq Global Select Market, the aggregate market value of the Registrant's Common Stock held by non-affiliates on April 30, 2014 (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately \$434.7 million. Shares of Common Stock held by each executive officer and director and by each shareholder affiliated with a director or an executive officer have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the Registrant's Common Stock as of November 30, 2014 was 17,295,401.

**Documents Incorporated by Reference**

Portions of the Registrant's Proxy Statement for the 2015 Annual Meeting of Shareholders, which we intend to hold on April 22, 2015 are incorporated by reference into Part III of this Form 10-K. The definitive Proxy Statement will be filed within 120 days after October 31, 2014.

## CAUTIONARY STATEMENT

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Calavo Growers, Inc. and its consolidated subsidiaries (CG) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including, but not limited to, any projections of revenue, margins, expenses, earnings, earnings per share, tax provisions, cash flows, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of restructuring and integration plans; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on CG and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic trends and events; the competitive pressures faced by CG's businesses; the development and transition of new products and services (and the enhancement of existing products and services) to meet customer needs; integration and other risks associated with business combinations; the hiring and retention of key employees; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including, but not limited to, the items discussed in Risk Factors in Item 1A of this report, and that are otherwise described or updated from time to time in CG's Securities and Exchange Commission reports. CG assumes no obligation and does not intend to update these forward-looking statements.

## EXPLANATORY NOTE REGARDING RESTATEMENT

In this comprehensive Annual Report on Form 10-K for our fiscal year ended October 31, 2014, we are restating audited financial statements, including the consolidated financial position as of October 31, 2013 and the consolidated results of our operations and our cash flows for each of the two years in the period ended October 31, 2013. Additionally, the Company will include in Note 19 Selected Quarterly Financial Data (unaudited), restated interim financial information for the four quarters included in the fiscal year ended October 31, 2013 and the first three quarters included in the fiscal year ended October 31, 2014, along with reconciliations of the previously issued annual and quarterly financial information to the restated information.

We are restating our financial statements and related disclosures to reflect a non-cash misstatement in our historical consolidated financial statements related to its treatment of contingent consideration in the acquisition of Renaissance Food Group, LLC (RFG) in June 2011. Initially, we recorded the contingent consideration, which could be settled in common stock, as an equity instrument and therefore did not record expense based on the changes in fair value of the contingent consideration. However, the contingent consideration should have been accounted for primarily as a liability requiring re-measurement to fair value. Additionally, certain amounts of the consideration have been recorded as compensation expense. The adjustment is more fully described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Restatement of Previously-Issued Financial Statements, and Note 3, Restatement of Previously-Issued Financial Statements to the Consolidated Financial Statements in Item 8 of this Form 10-K.

We have not amended our previously-filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Form 10-K, and the financial statements and related financial information contained in such previously-filed reports should no longer be relied upon.

Additional information on the restatement can be found in this report in:

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ;

Item 8. Financial Statements and Supplementary Data , Note 3, Restatement of Previously-Issued Financial Statements ; and Note 19, Selected Quarterly Financial Data (unaudited) ;

Item 9A. Controls and Procedures .

## PART I

### Item 1. Business

#### General development of the business

Calavo Growers, Inc. (Calavo, the Company, we, us or our), is a global leader in the avocado industry and an expanding provider of value-added fresh food. Our expertise in marketing and distributing avocados, prepared avocados, and other perishable foods allows us to deliver a wide array of fresh and prepared food products to food distributors, produce wholesalers, supermarkets, convenience stores, and restaurants on a worldwide basis. We procure avocados principally from California, Mexico, and Chile. Through our various operating facilities, we sort, pack, and/or ripen avocados, tomatoes and/or Hawaiian grown papayas. Additionally, we also produce salsa and prepare ready-to-eat produce and deli products. We distribute our products both domestically and internationally and report our operations in three different business segments: Fresh products, Calavo Foods and RFG. See Note 12 in our consolidated financial statements for further information about our business segments. Our principal executive offices are located at 1141-A Cummings Road, Santa Paula, California 93060; telephone (805) 525-1245.

On October 9, 2001, we completed a series of transactions whereby common and preferred shareholders of Calavo Growers of California (the Cooperative), an agricultural marketing cooperative association, exchanged all of their outstanding shares for shares of our common stock. Concurrent with this transaction, the Cooperative was merged into us with Calavo Growers, Inc. (Calavo) emerging as the surviving entity. These transactions had the effect of converting the legal structure of the business from a non-profit cooperative to a for-profit corporation.

In October 2013, we contributed \$1.0 million to the purchase of 60 hectares of property in Jalisco, Mexico, for the development of facilities to grow tomatoes. In fiscal 2014, we have advanced an additional \$3.2 million for construction of greenhouses (bridge loan). The bridge loan will be replaced with a loan from an institutional lender in the amount of \$4.5 million and the bridge loan will be immediately repaid from the proceeds of the new loan. In the second quarter of 2015, we expect to finalize a joint venture agreement with Agricola Belher (Belher) (see below for discussion of our existing infrastructure and distribution agreements with Belher as well). Such joint venture will operate under the name of Agricola Don Memo. Belher and Calavo are expected to have equal one-half ownership interests in Agricola Don Memo, but Belher will ultimately have overall management responsibility for the operations of Agricola Don Memo. The contribution of \$3.2 million has been recorded as a receivable in prepaid and other current assets.

Effective July 2013, Calavo and certain noncontrolling members have entered into an Amended and Restated Limited Liability Company Agreement of FreshRealm, LLC (FreshRealm). The purpose of FreshRealm is to engage in activities relating to the marketing of food products directly to consumers or other entities. FreshRealm's technology platform is currently being developed and is expected to allow participants such as traditional retailers, large and small enterprises, communities and food banks to enter into a platform resembling a national fresh food cooperative. FreshRealm will serve as a way to connect participants to a network of regional fresh food producers. FreshRealm started operating as a development stage company in the second quarter of 2013.

Effective May 2014, we closed our Second Amended and Restated Limited Liability Company Agreement by and among FreshRealm and the ownership members of FreshRealm. Pursuant to this agreement, Impermanence, LLC (Impermanence) was admitted as an ownership member of FreshRealm. Impermanence contributed \$10.0 million to FreshRealm for 28.6% ownership. We agreed to dilute our ownership percentage in FreshRealm, as an injection of significant working capital would reduce the immediate need of Calavo to provide operating funds to FreshRealm and would also serve to preserve the value of our investment. As a result of the admission of Impermanence, Calavo's ownership was reduced from 71.1% to 50.8%. Even though Calavo controlled greater than 50% of the outstanding units of FreshRealm, the minority/non-Calavo unit-holders held substantive participating rights. These rights existed

primarily in two forms: (1) two out of a total of four board of director seats and (2) a provision in the Agreement that states that for situations for which the approval of the Members, as defined, is required by the Agreement, the Members shall act by Super-Majority Vote. As such, Calavo cannot control FreshRealm through its two board of director seats, nor its 50.8% ownership. Based on the foregoing, we deconsolidated FreshRealm in May 2014 and recorded a gain on the deconsolidation of FreshRealm of \$12.6 million, which has been recorded on the face of the income statement as other income. Our investment of \$17.0 million in FreshRealm has been recorded as investment in unconsolidated subsidiaries on our balance sheet. In July 2014, FreshRealm issued additional units to various 3<sup>rd</sup> parties, which reduced our ownership percentage to exactly 50%.

## Available information

We maintain an Internet website at <http://www.calavo.com>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and other information related to us, are available, free of charge, on our website as soon as reasonably practicable after we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Internet website and the information contained therein, or connected thereto, is not and is not intended to be incorporated into this Annual Report on Form 10-K.

## Fresh products

Calavo was founded in 1924 to market California avocados. In California, the growing area stretches from San Diego County to Monterey County, with the majority of the growing areas located approximately 100 miles north and south of Los Angeles County. The storage life of fresh avocados is limited. It generally ranges from one to four weeks, depending upon the maturity of the fruit, the growing methods used, and the handling conditions in the distribution chain.

We sell avocados to a diverse group of supermarket chains, wholesalers, food service and other distributors, under the Calavo family of brand labels, as well as private labels. From time to time, some of our larger customers seek short-term sales contracts that formalize their pricing and volume requirements. Generally, these contracts contain provisions that establish a price floor and/or ceiling during the contract duration. In our judgment, the shift by our customers to drafting sales contracts benefits large handlers like us, which have the ability to fulfill the terms of these contracts. During fiscal year 2014, our 5 and 25 largest fresh customers represented approximately 17% and 40% of our total consolidated revenues. During fiscal year 2013, our 5 and 25 largest fresh customers represented approximately 20% and 41% of our total consolidated revenues. During fiscal year 2014, 2013 and 2012 none of our fresh customers represented more than 10% of total consolidated revenues.

The Hass variety is the predominant avocado variety marketed on a worldwide basis. Generally, California grown Hass avocados are available year-round, with peak production periods occurring between January through October. Other varieties have a more limited picking season and generally command a lower price. Approximately 1,900 California growers deliver avocados to us, generally pursuant to a standard marketing agreement. Over the past several years, our share of the California avocado crop has remained strong, with approximately 24% of the 2014 shipped California avocado crop handled by us, based on data published by the California Avocado Commission. We attribute our solid foothold in the California industry principally to the competitiveness of the per pound returns we pay and the communication and service we maintain with our growers.

California avocados delivered to our packinghouses are graded, sized, packed, cooled and, frequently, ripened for delivery to customers. Our ability to estimate the size, as well as the timing of the delivery of the annual avocado crop, has a substantial impact on both our costs and the sales price we receive for the fruit. To that end, our field personnel maintain direct contact with growers and farm managers and coordinate harvest plans. The feedback from our field-managers is used by our sales department to prepare sales plans used by our direct sales force.

A significant portion of our California avocado handling costs is fixed. As a result, significant fluctuations in the volume of avocados delivered have a considerable impact on the per pound packing costs of avocados we handle. Generally, larger crops will result in a lower per pound handling cost. We believe that our cost structure is geared to optimally handle larger avocado crops. Our strategy calls for continued efforts in aggressively recruiting new growers, retaining existing growers, and procuring a larger percentage of the California avocado crop.

California avocados delivered to us are grouped as a homogenous pool on a weekly basis based on the variety, size, and grade. The proceeds we receive from the sale of each separate avocado pool, net of a packing and marketing fee to cover our costs and a profit, are paid back to the growers once each month. The packing and marketing fee we withhold is determined by our Chief Executive Officer and is revised from time to time based on our estimated per pound packing and operating costs, as well as our operating profit. This fee is a fixed rate per pound packed. Significant competitive pressures dictate that our grower returns are set at the highest possible level to attract new and retain existing grower business. We believe that, if net proceeds paid ceased to be competitive, growers would simply choose to deliver their avocados to alternate competitive handlers. Consequently, we strive to deliver growers the highest return possible on avocados delivered to our packinghouses.

The California avocado market is highly competitive with 9 major avocado handlers. A marketing order enacted by the state legislature is in effect for California grown avocados and provides the financial resource to fund generic advertising and promotional programs. Avocados handled by us are identifiable through packaging and the Calavo brand name sticker.



We also import avocados from Mexico and Chile. Our strategy is to increase our market share of currently sourced avocados to all accepted marketplaces. We believe our diversified avocado sources provide a level of supply stability that may, over time, help solidify the demand for avocados among consumers in all markets we distribute to.

We typically purchase Mexican avocados from growers and packers located in Mexico. The purchase price we pay for fruit acquired from Mexican growers is generally negotiated for substantially all the fruit in a particular grove. Once a purchase price is tentatively agreed to, the fruit is then harvested and delivered to our packinghouse located in Uruapan, Michoacán, Mexico. Once delivered, such fruit is weighed, graded, sized, packed, and cooled for shipment, primarily to the United States. Payment of such fruit can be changed from what was initially agreed to if the actual packout doesn't reach levels forecasted by the grower. Fruit purchased directly from Mexican packers is used as a supplemental source and is packed to our standards for shipment to either our customers or our operating facilities. In either case, the purchase price of Mexican avocados is generally based on our estimated selling prices of such fruit, less anticipated packing and/or selling costs and our desired margin. We believe these two sources allow us to maximize both the timely acquisition, as well as purchase price, of Mexican fruit.

Similar to California avocados, a significant portion of our handling costs for Mexican avocados are fixed. As a result, significant fluctuations in the volume of Mexican avocados delivered to our packinghouse can have a considerable impact on the per pound packing costs of avocados we handle. Generally, larger crops will result in a lower per pound handling cost. In fiscal year 2012, we completed an expansion of our Uruapan packinghouse. This expansion more than doubled our capacity to handle Mexican avocados. We believe that our cost structure for Mexican avocados is geared to optimally handle larger avocado crops.

We believe that our continued success in marketing Mexican avocados is largely dependent upon securing a reliable, high-quality supply of avocados at reasonable prices, and keeping the handling costs low as we ship the Mexican avocados to our packinghouses and distribution centers. We are subject to USDA and other regulatory inspections to ensure the safety and the quality of the fruit being delivered from Mexico. The Mexican avocado harvest, which is often considerably larger than the California avocado harvest, is both complimentary and competitive with the California market, as the Mexican harvest is near year round (most significant from September to June). As a result, it is common for Mexican growers to monitor the supply of avocados for export to the United States in order to obtain higher field prices. During 2014, we packed and distributed approximately 20% of the avocados exported from Mexico into the United States and approximately 5% of the avocados exported from Mexico to countries other than the United States, based on our estimates.

We also handle avocados from Chile, most of which are on a consignment basis with our growers. Pursuant to our joint venture agreement with M5, Calavo Chile is now the primary contact with our Chilean avocado sources. Our commission percentage is approximately 8%. Additionally, from time to time, we may purchase Chilean sourced avocados. Pursuant to our consignment arrangements, we occasionally make advances to Chilean growers. Typically, we obtain collateral (i.e. fruit, fixed assets, etc.) that approximates the value at risk, prior to making such advances. Historical experience demonstrates that providing post-harvest advances results in our acquiring full market risk for the product, as it is possible (although unlikely) that our sale proceeds may be less than the amounts we paid to the grower. This is a result of the high level of volatility inherent in the avocado and perishable food markets, which are subject to significant pricing declines based on the availability of fruit in the market. In the event that we do make a pre-season advance, our ability to recover such pre-harvest advance would be largely dependent on the grower's ability to deliver avocados to us, as well as the inherent risks of farming, such as weather and pests.

The Chilean harvesting season being complimentary to the California season (August through February), Chilean avocados are able to command competitive retail pricing in the market. During 2014, we distributed an immaterial percentage of the total Chilean avocados imported into the United States, based on our estimates.

We have developed a series of marketing and sales initiatives primarily aimed at our largest customers that are designed to differentiate our products and services from those offered by our competitors. Some of these key initiatives are as follows:

We continue to have success with our ProRipeVIP avocado ripening program. This proprietary program allows us to deliver avocados evenly ripened to our customers' specifications. We have invested in TasteTech Near Infrared (NIR) technology and equipment. The most significant reason we invested in the TasteTech systems is because the NIR technology measures internal qualities of the entire piece of fruit, as opposed to competitive mechanical tests that use pressure and calculated averages to measure firmness. We believe that ripened avocados help our customers address the consumers' immediate needs and accelerate the sale of avocados through their stores. We currently have three TasteTech systems in use in the United States, which, we believe, can effectively meet our customers' demand for conditioned fruit.

We have developed various display techniques and packages that appeal to consumers and, in particular, impulse buyers. Some of our techniques include the bagging of avocados and the strategic display of the bags within the produce section of retail stores. Our research has demonstrated that consumers generally purchase a larger quantity of avocados when presented in a bag as opposed to the conventional bulk displays. We also believe that the value proposition of avocados in a bag provides for a higher level of sales to grocery stores.

Perishable food products include various commodities, including tomatoes, papayas, and pineapples. The majority of our sales are generated from tomatoes and papayas. Tomatoes are primarily handled on a consigned basis, while papayas are handled on a pooling basis, similar to the California avocado pool previously described. Sales of our diversified Fresh products do not generally experience significant fluctuations related to seasonality. We believe our efforts in distributing our other various commodities complement our offerings of avocados.

### **Calavo Foods**

The Calavo Foods segment was originally conceived as a mechanism to stabilize the price of California avocados by reducing the volume of avocados available to the marketplace. In the 1960 s and early 1970 s, we pioneered the process of freezing avocado pulp and developed a wide variety of guacamole recipes to address the diverse tastes of consumers and buyers in both the retail and food service industries. One of the key benefits of frozen products is their long shelf-life. With the introduction of low cost processed products delivered from Mexican based processors, however, we realigned the segment s strategy by shifting the fruit procurement and pulp processing functions to Mexico.

We utilize ultra-high pressure technology equipment which is designed to protect and safeguard our avocado and guacamole products without the need of preservatives. Using high pressure only, this procedure substantially destroys the cells of any bacteria that could lead to spoilage, food safety, or oxidation issues. Once the procedure is complete, our packaged guacamole is cased and shipped to various retail, club, and food service customers throughout the markets we service in the U.S and abroad. By fiscal year 2010, we had two 215L ultra high pressure machines into service. These machines, which are located in Uruapan, pressurize all guacamole product lines, including all frozen products, which began in fiscal 2010. A 3rd ultra-high pressure machine, with a larger capacity of 350L, was put into service during our first fiscal quarter of 2012. We estimate that our operating capacity for all three ultra-high pressure machines at year end to be approximately 80%. While we believe this capacity is reasonable give our current sales, we are considering various plans to expand our production capacity to meet our future expected growth. Net sales of our ultra-high pressure (fresh) products, typically sold to retail customers, represented approximately 45% and 46% of total guacamole products within the Calavo Foods segment sales for the years ended October 31, 2014 and 2013.

Sales in the U.S. and Canada are made principally through a commissioned nationwide broker network, which is supported by our regional sales managers. We believe that our marketing strength is distinguished by providing quality products, innovation, year-round product availability, strategically located warehouses, and market relationships. During fiscal year 2014, our 5 and 25 largest processed product customers represented approximately 3% and 6% of our total consolidated revenues. During fiscal year 2013, our 5 and 25 largest processed product customers represented approximately 3% and 6% of our total consolidated revenues. During fiscal years 2014, 2013 and 2012 none of our processed product customers represented more than 10% of total consolidated revenues.

In February 2010, we acquired a 65 percent ownership interest in newly created CSL which acquired substantially all of the assets of LSC. LSC is a regional producer in the upper Midwest of Salsa Lisa refrigerated salsas. We believe that this line of salsa will further diversify our product offerings and will be a natural complement to our ultra-high-pressure guacamole.

### **RFG**

In June 2011, Calavo, CG Mergersub LLC (Newco), Renaissance Food Group, LLC (RFG) and Liberty Fresh Foods, LLC, Kenneth Catchot, Cut Fruit, LLC, James Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and RFG Nominee Trust (collectively, the Sellers) entered into an Agreement and Plan of Merger dated May 25, 2011 (the Acquisition Agreement), which sets forth the terms and conditions pursuant to which Calavo would acquire a 100 percent ownership interest in RFG. Pursuant to the Acquisition Agreement, Newco, a newly formed Delaware limited liability company and wholly-owned subsidiary of Calavo, merged with and into RFG, with RFG as the

surviving entity. RFG is a fresh-food company that produces, markets, and distributes nationally a portfolio of healthy, high quality products for consumers via the retail channel. See Note 17 of our consolidated financial statements for additional information.

RFG products range from fresh-cut fruit, ready-to-eat vegetables, recipe-ready vegetables and deli meat products. RFG sells under the popular labels of Garden Highway Fresh Cut, Garden Highway, and Garden Highway Chef Essentials to a wide range of customers. During fiscal year 2014, our 5 and 25 largest RFG product customers represented approximately 24% and 32% of our total consolidated revenues. During fiscal year 2013, our 5 and 25 largest RFG product customers represented approximately 18% and 27% of our total consolidated revenues. During fiscal years 2014, 2013 and 2012 none of our RFG product customers represented more than 10% of total consolidated revenues.

## **Sales and Other Financial Information by Business Segment and Product Category**

Sales and other financial information by business segment are provided in Note 12 to our consolidated financial statements that are included in this Annual Report.

## **Patents and Trademarks**

Our trademarks include the Calavo and RFG brand name and related logos. We also utilize the following trademarks in conducting our business: Avo Fresco, Bueno, Calavo Gold, Calavo Salsa Lisa, Salsa Lisa, Celebrate the Taste, El Dorado, Fresh Ripe, Select, Taste of Paradise, The First Name in Avocados, Tico, Mfresh, Maui Fresh International, Triggered Avocados, ProRipeVIP , Garden Highway Fresh Cut, Garden Highway, and Garden Highway Chef Essentials.

## **Working Capital Requirements**

Generally, we make payments to our avocado growers and other suppliers in advance of collecting all of the related accounts receivable. We generally bridge the timing between vendor payments and customer receipts by using operating cash flows and commercial bank borrowings. In addition, we provide crop loans and other advances to some of our growers, which are also funded through operating cash flows and borrowings.

Non-California sourced avocados and perishable food products often require working capital to finance the payment of advances to suppliers and collection of accounts receivable. These working capital needs are also financed through the use of operating cash flows and bank borrowings.

With respect to our Calavo Foods business, we require working capital to finance the production of our processed avocado products, building and maintaining an adequate supply of finished product, and collecting our accounts receivable balances. These working capital needs are financed through the use of operating cash flows and bank borrowings.

## **Backlog**

Our customers do not place product orders significantly in advance of the requested product delivery dates. Customers typically order perishable products two to ten days in advance of shipment, and typically order Calavo Foods within thirty days in advance of shipment.

## **Research and Development**

Prior to the acquisition of RFG and the creation of FreshRealm, we did not undertake significant research and development efforts. Research and development programs, if any, were limited to the continuous process of refining and developing new techniques to enhance the effectiveness and efficiency of our Calavo Foods operations and the handling, ripening, storage, and packing of fresh avocados. With the acquisition of RFG, we have increased research and development for new and improved products which is driven by customer requests, changes in product specifications, customer and market research and/or innovative ideas generated by our own team of experts with food processing and culinary backgrounds. We solicit customer and supplier input, review process and product trends and conduct sensory and shelf life testing, all to expand the category and drive new sales for our customers. Additionally, with the creation of FreshRealm, we have significantly increased our emphasis on research and development. Much of the research and development has been focused on a re-usable shipping container, which includes designing and the testing of prototypes, testing packing efficiency, gathering consumer feedback, thermal research, and testing the longevity and reusability of containers. In addition, we have incurred costs related to the programming of a specialized cloud technology operating system, as well as consumer research. Research and development costs are charged to

expense when incurred. Total research and development costs for fiscal years 2014 was approximately \$0.8 million. Total research and development costs for fiscal years 2013 was approximately \$1.5 million. Total research and development costs for fiscal year 2012 were less than \$0.1 million.

## Compliance with Government Regulations

The California State Department of Food and Agriculture oversees the packing and processing of California avocados and conducts tests for fruit quality and packaging standards. All of our packages are stamped with the state seal as meeting standards. Various states have instituted regulations providing differing levels of oversight with respect to weights and measures, as well as quality standards.

As a manufacturer and marketer of processed avocado products, our operations are subject to extensive regulation by various federal government agencies, including the Food and Drug Administration (FDA), the USDA and the Federal Trade Commission (FTC), as well as state and local agencies, with respect to production processes, product attributes, packaging, labeling, storage and distribution. Under various statutes and regulations, these agencies prescribe requirements and establish standards for safety, purity and labeling. In addition, advertising of our products is subject to regulation by the FTC, and our operations are subject to certain health and safety regulations, including those issued under the Occupational Safety and Health Act. Our manufacturing facilities and products are subject to periodic inspection by federal, state and local authorities.

As a result of our agricultural and food processing activities, we are subject to numerous environmental laws and regulations. These laws and regulations govern the treatment, handling, storage and disposal of materials and waste and the remediation of contaminated properties.

We seek to comply at all times with all such laws and regulations and to obtain any necessary permits and licenses, and we are not aware of any instances of material non-compliance. We believe our facilities and practices are sufficient to maintain compliance with applicable governmental laws, regulations, permits and licenses.

## Employees

As of October 31, 2014, we had 1,987 employees, of which 699 were located in the United States and 1,288 were located in Mexico. We do not have a significant number of United States employees covered by a collective bargaining agreement. 1,150 of Calavo's Mexican employees are represented by a union. We consider the relationship with our employees to be good and we have never experienced a significant work stoppage.

The following is a summary of the number of salaried and hourly employees as of October 31, 2014.

Location	Salaried	Hourly	Total
United States	220	479	699
Mexico	138	1,150	1,288
<b>TOTAL</b>	<b>358</b>	<b>1,629</b>	<b>1,987</b>

## Item 1A. Risk Factors

### Risks Related to Our Business

*We are subject to increasing competition that may adversely affect our operating results.*

The market for avocados and processed avocado products is highly competitive and affects each of our businesses. Each of our businesses is subject to competitive pressures, including the following:

California avocados are impacted by an increasing volume of foreign grown avocados being imported into the United States. Recently, there have been significant plantings of avocados in Mexico, Chile, the Dominican Republic, Peru and other parts of the world, which have had, and will continue to have, the effect of increasing the volume of foreign grown avocados entering the United States market.

California avocados are subject to competition from other California avocado handlers. If we are unable to consistently pay California growers a competitive price for their avocados, these growers may choose to have their avocados marketed by alternate handlers.

Non-California sourced avocados and perishable food products are impacted by competitors operating in Mexico. Generally, handlers of Mexican grown avocados operate facilities that are substantially smaller than our facility in Uruapan, Mexico. If we are unable to pack and market a sufficient volume of Mexican grown avocados, smaller handlers will have a lower per unit cost and be able to offer Mexican avocados at a more competitive price to our customers.

Non-California sourced avocados and perishable food products are also subject to competition from other California avocado handlers that market Chilean grown avocados. If we are unable to consistently pay Chilean packers a competitive price for their avocados, these packers may choose to have their avocados marketed by alternate handlers.



*The restatement of our historical financial statements has already consumed, and may continue to consume, a significant amount of our time and resources and may have a material adverse effect on our business.*

As discussed in Note 3, *Restatement of Previously-Issued Financial Statements*, of the Notes to Consolidated Financial Statements contained in Part II, Item 8 of this Form 10-K, we have restated in this Form 10-K our consolidated financial statements for certain prior periods to correct certain errors in those financial statements.

The restatement may affect investor confidence in the accuracy of our financial disclosures and may result in a decline in share price and stockholder lawsuits related to the restatement. The restatement process was resource-intensive and involved a significant amount of internal resources. We cannot guarantee that we will not receive inquiries from the SEC or The Nasdaq Stock Market LLC ( *NASDAQ* ) regarding our restated financial statements or matters relating thereto. Any future inquiries from the SEC or *NASDAQ* as a result of the restatement of our historical financial statements will, regardless of the outcome, likely consume a significant amount of our internal resources and result in additional legal and accounting costs.

*There are risks related to investigations and lawsuits due to the restatement of our prior financial results.*

In connection with our restatement, we have been subjected to a number of ongoing stockholder lawsuits, as described in Item 3 of this Annual Report on Form 10-K which is incorporated by reference herein. As a result of these events, we have been and remain subject to a number of risks, including the following, each of which could result in a material adverse effect to our business, financial condition and results of operations and/or a negative effect on the market for our stock: (i) private litigation relating to our restatement or new stockholder litigation; (ii) indemnification obligations for our directors, officers and employees related to the litigation; and (iii) diversion of the time and attention of members of our management and our Board of Directors from the management of our business.

*We are subject to the risks of doing business internationally.*

We conduct a substantial amount of business with growers and customers who are located outside the United States. We purchase avocados from foreign growers and packers, sell fresh avocados and processed avocado products to foreign customers, and operate a packinghouse and a processing plant in Mexico. In the most recent years, there has been an increase in organized crime in Mexico. This has not had an impact on our operations, but this does increase the risk of doing business in Mexico. We are also subject to regulations imposed by the Mexican government, and also to examinations by the Mexican tax authorities. Significant changes to these government regulations and to assessments by the Mexican tax authorities can have a negative impact on our operations and operating results in Mexico. For additional information about our non-California sourced fruit, see the *Business* section included in this Annual Report.

Our current international operations are subject to a number of inherent risks, including:

Local economic and political conditions, including disruptions in trading and capital markets;

Restrictive foreign governmental actions, such as restrictions on transfers of funds and trade protection measures, including export duties and quotas and customs duties and tariffs; and

Changes in legal or regulatory requirements affecting foreign investment, loans, taxes, imports, and exports  
*Currency exchange fluctuations may impact the results of our operations.*

Currency exchange rate fluctuations, depending upon the nature of the changes, may make our domestic-sourced products more expensive compared to foreign grown products or may increase our cost of obtaining foreign-sourced products. Because we do not hedge against our foreign currency exposure, our business has increased susceptibility to foreign currency fluctuations.

*We and our growers are subject to the risks that are inherent in farming.*

Our results of operations may be adversely affected by numerous factors over which we have little or no control and that are inherent in farming, including reductions in the market prices for our products, adverse weather and growing conditions, pest and disease problems, and new government regulations regarding farming and the marketing of agricultural products.

*Our earnings are sensitive to fluctuations in market prices and demand for our products.*

Excess supplies often cause severe price competition in our industry. Growing conditions in various parts of the world, particularly weather conditions such as windstorms, floods, droughts and freezes, as well as diseases and pests, are primary factors affecting market prices because of their influence on the supply and quality of product.

Fresh produce is highly perishable and generally must be brought to market and sold soon after harvest. The selling price received for each type of produce depends on all of these factors, including the availability and quality of the produce item in the market, and the availability and quality of competing types of produce.

In addition, general public perceptions regarding the quality, safety or health risks associated with particular food products could reduce demand and prices for some of our products. To the extent that consumer preferences evolve away from products that we produce for health or other reasons, and we are unable to modify our products or to develop products that satisfy new consumer preferences, there will be a decreased demand for our products.

*Increases in commodity or raw product costs, such as fuel, packaging, and paper, could adversely affect our operating results.*

Many factors may affect the cost and supply of fresh produce, including external conditions, commodity market fluctuations, currency fluctuations, changes in governmental laws and regulations, agricultural programs, severe and prolonged weather conditions and natural disasters. Increased costs for purchased fruit have in the past negatively impacted our operating results, and there can be no assurance that they will not adversely affect our operating results in the future.

The price of various commodities can significantly affect our costs. Fuel and transportation cost is a significant component of the price of much of the produce that we purchase from growers, and there can be no assurance that we will be able to pass on to our customers the increased costs we incur in these respects.

The cost of paper is also significant to us because some of our products are packed in cardboard boxes. If the price of paper increases and we are not able to effectively pass these price increases along to our customers, then our operating income will decrease.

*We are subject to the risk of product liability claims.*

The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling or transportation phases. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image.

*We are subject to possible changing USDA and FDA regulations which govern the importation of foreign avocados into the United States and the processing of processed avocado products.*

The USDA has established, and continues to modify, regulations governing the importation of avocados into the United States. Our permits that allow us to import foreign-sourced avocados into the United States generally are contingent on our compliance with these regulations. Our results of operations may be adversely affected if we are

unable to comply with existing and modified regulations and are unable to secure avocado import permits in the future.

The FDA establishes, and continues to modify, regulations governing the production of processed avocado products, such as the new Food Safety Modernization Act, which implements mandatory preventive controls for food facilities and compliance with mandatory produce safety standards. Our results of operations may be adversely affected if we are unable to comply with these existing and modified regulations.

*The acquisition of other businesses could pose risks to our operating income.*

We intend to review acquisition prospects that would complement our business. While we are not currently a party to any agreement with respect to any acquisitions, we may acquire other businesses in the future. Future acquisitions by us could result in

accounting charges, potentially dilutive issuances of equity securities, and increased debt and contingent liabilities, any of which could have a material adverse effect on our business and the market price of our common stock. Acquisitions entail numerous risks, including the assimilation of the acquired operations, diversion of management's attention to other business concerns, risks of entering markets in which we have limited prior experience, and the potential loss of key employees of acquired organizations. We may be unable to successfully integrate businesses or the personnel of any business that might be acquired in the future, and our failure to do so could have a material adverse effect on our business and on the market price of our common stock.

*Our ability to competitively serve our customers is a function of reliable and low cost transportation. Disruption of the supply of these services and/or significant increases in the cost of these services could impact our operating income.*

We use multiple forms of transportation to bring our products to market. They include ocean, truck, and air-cargo. Disruption to the timely supply of these services or dramatic increases in the cost of these services for any reason including availability of fuel for such services, labor disputes, or governmental restrictions limiting specific forms of transportation could have an adverse effect on our ability to serve our customers and consumers and could have an adverse effect on our financial performance.

*We depend on our infrastructure to have sufficient capacity to handle our annual production needs.*

We have an infrastructure that has sufficient capacity for our production needs, but if we lose machinery or facilities due to natural disasters or mechanical failure, we may not be able to operate at a sufficient capacity to meet our production needs. This could have a material adverse effect on our business, which could impact our results of operations and our financial condition.

*We depend on our key personnel and if we lose the services of any of these individuals, or fail to attract and retain additional key personnel, we may not be able to implement our business strategy or operate our business effectively.*

Our future success largely depends on the contributions of our management team. We believe that these individuals' expertise and knowledge about our industry and their respective fields and their relationships with other individuals in our industry are critical factors to our continued growth and success. We do not carry key person insurance. The loss of the services of any member of our senior management team could have a material adverse effect on our business and prospects. Our success also depends upon our ability to attract and retain additional qualified sales, marketing and other personnel.

*A portion of our workforce is unionized and labor disruptions could decrease our profitability.*

While we believe that our relations with our employees are good, we cannot assure you that we will be able to negotiate collective bargaining agreements on favorable terms, or at all, and without production interruptions, including labor stoppages. A prolonged labor dispute, which could include a work stoppage, could have a material adverse effect on the portion of our business affected by the dispute, which could impact our business, results of operations and financial condition.

*System security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price.*

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious

software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including bugs and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact our ability to fulfill orders and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions have adversely affected in the past, and in the future could adversely affect, our financial results, stock price and reputation.

## **Risks Related to Our Common Stock**

*The value of our common stock may be adversely affected by market volatility.*

The trading price of our common stock fluctuates and may be influenced by many factors, including:

Our operating and financial performance and prospects;

The depth and liquidity of the market for our common stock;

Investor perception of us and the industry and markets in which we operate;

Our inclusion in, or removal from, any equity market indices;

Changes in earnings estimates or buy/sell recommendations by analysts; and

General financial, domestic, international, economic and other market conditions;

*Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from executing our growth strategy.*

The timing and amount of our working capital and capital expenditure requirements may vary significantly depending on many factors, including:

Market acceptance of our products; and

The existence of opportunities for expansion.

If our capital resources are not sufficient to satisfy our liquidity needs, we may seek to sell additional equity or obtain additional debt financing. The sale of additional equity would result in dilution to our shareholders. Additional debt would result in increased expenses and could result in covenants that would restrict our operations. With the exception of our existing credit facility, we have not made arrangements to obtain additional financing. We may not be able to obtain additional financing, if required, in amounts or on terms acceptable to us, or at all.

## **Item 1B. Unresolved Staff Comments**

None.

## **Item 2. Properties**

We lease our corporate headquarters building from Limoneira Company (Limoneira) located in Santa Paula, California. In addition, RFG leases their corporate office in Ranch Cordova, California. We have numerous facilities

throughout the United States, and two facilities in Mexico. See the following table for a summary of our locations:

***United States Locations:***

***Packinghouses:***

<b>Leased or Owned:</b>	<b>City</b>	<b>State</b>	<b>Description</b>
Owned	Santa Paula	California	Handles California, Mexican and Chilean avocados. The facility was purchased in 1955 and has had and has been improved in capacity and efficiency since then. This facility operates substantially similar to our Temecula facility. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Owned	Temecula	California	Handles California, Mexican and Chilean avocados. The facility was built in 1985 and has been improved in capacity and efficiency since then. This facility operates substantially similar to our Santa Paula facility. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.



***Operating and Distributing Facilities:***

<b>Leased or Owned:</b>	<b>City</b>	<b>State</b>	<b>Description</b>
Owned	Santa Paula	California	Operates as a ripening, storage and shipping facility for our fresh avocado operations. We sort and pack certain diversified commodities as well. In fiscal 2014, we added 3 additional ripe rooms that increased our capacity for avocado ripening. We believe that the annual capacity of this facility will be sufficient to pack and ripen, if necessary, the expected annual volume of avocados and specialty commodities delivered to us.
Leased	Swedesboro	New Jersey	Primarily ripens, sorts, packs, and ships avocados. Additionally, it also serves to store and ship certain tropical commodities as well. In fiscal 2014, we added 4 additional ripe rooms that increased our capacity for avocado ripening. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Leased	Garland	Texas	Primarily ripens, sorts, packs and ships fresh avocados. In fiscal 2014, we added 7,000 square feet of additional freezer space that further improved our capacity and reduced our 3 <sup>rd</sup> party storage costs. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Leased	Nogales	Arizona	Primarily ripens, sorts, packs and ships, tomatoes, and other diversified commodities. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Leased	Hilo	Hawaii	Primarily sorts, packs, and ships papayas. We believe that the annual capacity will be sufficient to handle our forecasted annual production needs.
Owned	Hilo	Hawaii	Primarily provides irradiation services for produce grown in Hawaii. We believe that the annual capacity will be sufficient to handle our forecasted annual production needs.
Leased	St. Paul	Minnesota	CSL facility that produces salsa. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Leased	Houston	Texas	RFG facility that primarily processes cut fruits and vegetables, salads, sandwiches, and wraps. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.
Leased	Sacramento	California	RFG facility that primarily processes cut fruits and vegetables, salads, sandwiches, and wraps. We believe that the annual capacity of this facility will be sufficient to handle our forecasted annual production needs.

***Mexico Locations:******Packinghouse and Processing Facility:***

<b>Leased or Owned:</b>	<b>City</b>	<b>State</b>	<b>Description</b>
Owned	Uruapan	Michoacan	Our Calavo Foods processing facility produces our guacamole products. While we believe this capacity is reasonable give our current sales, we are considering various plans to expand our production capacity to meet our future expected growth.
Owned	Uruapan	Michoacan	Handles avocados delivered to us by Mexican growers. The facility was built in 1985 and has been significantly improved in capacity and efficiency since then. We believe that the annual capacity of this facility will be sufficient to process our forecasted annual production needs.

### **Item 3. Legal Proceedings**

In January 2015, two purported securities class action complaints- El Dabe v. Calavo Growers, Inc., et al., No. 2:15-cv-00400 (C.D. Cal. Jan. 20, 2015), and O Hanlon v. Calavo Growers, Inc., et al., No. 2:15-cv-00414 (C.D. Cal. Jan. 21, 2015)-were filed against the Company and certain of its officers in the United States District Court for the Central District of California. The cases arise from the Company's announcement on January 15, 2015 that it had identified a non-cash misstatement in its historical consolidated financial statements related to its treatment of contingent consideration in the Company's acquisition of Renaissance Food Group, LLC in June 2011. The same day, the Company filed a Current Report on Form 8-K with the Securities and Exchange Commission announcing that the Company was recording a non-cash charge totaling \$88.9 million before tax (\$54 million net of tax) in connection with the error. The complaints allege that the defendants violated the federal securities laws by fraudulently misstating the Company's finances in the Company's public filings. Both complaints also allege that the Company is liable for these actions pursuant to Section 20(a) of the Act because its officers were controlling persons of the Company.

The Company intends to vigorously defend against the foregoing complaints. Based on the very early stage of the litigation, it is not possible to estimate the amount or range of possible loss that might result from an adverse judgment or a settlement of these matters.

**Item 4. Mine Safety Disclosures**

Not applicable

**Executive Officers of the Registrant**

The following table sets forth the name, age and position of individuals who hold positions as executive officers of our company. There are no family relationships between any director or executive officer and any other director or executive officer of our company. Executive officers are elected by the Board of Directors and serve at the discretion of the Board.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Lecil E. Cole	75	Chairman of the Board, Chief Executive Officer and President
Arthur J. Bruno	64	Chief Operating Officer, Chief Financial Officer and Corporate Secretary
Robert J. Wedin	65	Vice President, Sales and Fresh Marketing
Alan C. Ahmer	66	Vice President, Processed Product Sales and Production
Michael A. Browne	56	Vice President, Fresh Operations

*Lecil E. Cole* has been a member of our board of directors since February 1982 and has served as Chairman of the Board since 1988. Mr. Cole has also served as our Chief Executive Officer and President since February 1999. He served as an executive of Safeway Stores from 1964 to 1976 and as Chairman of Central Coast Federal Land Bank from 1986 to 1996. Mr. Cole has served as Chairman and President of Hawaiian Sweet, Inc. and Tropical Hawaiian Products, Inc. since 1996. Mr. Cole farms approximately 4,400 acres in California on which avocados and cattle are produced and raised.

*Arthur J. Bruno* has served as our Chief Financial Officer and Corporate Secretary since October 2003. During fiscal 2004, Mr. Bruno also assumed the title and responsibilities of Chief Operating Officer. From 1988 to 2003, Mr. Bruno served as the president and co-founder of Maui Fresh International, Inc. Mr. Bruno is a Certified Public Accountant.

*Robert J. Wedin* has served as our Vice President since 1993. Mr. Wedin joined us in 1973 at our then Santa Barbara packinghouse. Beginning in 1990, Mr. Wedin served as a director of the California Avocado Commission for a period of ten years. Mr. Wedin currently is a board member of Producesupply.org and serves as a member of that organization's executive committee.

*Alan C. Ahmer* has served as our Vice President since 1989. Mr. Ahmer joined us in 1979 as a regional sales manager in our Calavo Foods business. In September 2003, Mr. Ahmer's new title became Vice-President, Calavo Foods Sales and Production.

*Michael A. Browne* has served as our Vice President since 2005. From 1997 until joining us, Mr. Browne served as the founder and co-owner of Fresh Directions International, a closely held multinational fresh produce company, which marketed fresh avocados from Mexico, Chile, and the Dominican Republic. Mr. Browne joined us in May 2005.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

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In March 2002, our common stock began trading on the OTC Bulletin Board under the symbol CVGW. In July 2002, our common stock began trading on the Nasdaq National Market under the symbol CVGW and currently trades on the Nasdaq Global Select Market.

The following tables set forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the Nasdaq Global Select Market.

<b>Fiscal 2014</b>	<b>High</b>	<b>Low</b>
First Quarter	\$ 32.49	\$ 28.30
Second Quarter	\$ 36.17	\$ 28.69
Third Quarter	\$ 35.23	\$ 29.91
Fourth Quarter	\$ 48.63	\$ 35.51

<b>Fiscal 2013</b>	<b>High</b>	<b>Low</b>
First Quarter	\$ 24.74	\$ 20.88
Second Quarter	\$ 29.06	\$ 24.57
Third Quarter	\$ 31.68	\$ 25.66
Fourth Quarter	\$ 30.77	\$ 24.19

As of November 30, 2014, there were approximately 948 stockholders of record of our common stock.

As previously reported on Current Reports on Form 8-K, we issued 1,531,996 shares of unregistered Calavo common stock per the RFG Amended Acquisition Agreement, in October 2014. We filed an S-3 registration statement registering the resale of 1,097,213 of these shares in October 2014.

### **Dividend Policy**

Our dividend policy is to provide for an annual dividend payment, as determined by the Board of Directors. We anticipate paying dividends in the first quarter of our fiscal year.

On December 8, 2014, we paid a \$0.75 per share dividend in the aggregate amount of \$13.0 million to shareholders of record on November 17, 2014.

On December 12, 2013, we paid a \$0.70 per share dividend in the aggregate amount of \$11.0 million to shareholders of record on November 29, 2013.

**Item 6. Selected Financial Data**

**SELECTED CONSOLIDATED FINANCIAL DATA**

The following information as of and for the years ended October 31, 2013, 2012 and 2011 has been restated to reflect adjustments to our previously issued financial statements as more fully discussed in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and in Note 3, Restatement of Previously-Issued Financial Statements to the Consolidated Financial Statements included in Item 8 of this Form 10-K. The following data should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements of the Company, including the notes thereto, in Items 7 and 8, respectively, of this Form 10-K in order to fully understand factors that may affect the comparability of the financial data.

The following selected financial data as of October 31, 2014 and 2010 and for the years ended October 31, 2014, 2013, 2012 and 2010 (other than pounds information), are derived from the audited consolidated financial statements of Calavo Growers, Inc. The financial data as of October 31, 2011 and the year ended October 31, 2011 are derived from our restated financial statements.

We have not amended our previously-filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Form 10-K, and the financial statements and related financial information contained in such previously-filed reports should no longer be relied upon.

Historical results are not necessarily indicative of results that may be expected in any future period. The following data should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto that are included elsewhere in this Annual Report.

<b>Fiscal Year Ended October 31,</b>				
<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Restated</b>		<b>Restated</b>	<b>Restated(11)</b>	
<b>(In thousands, except per share data)</b>				

**Income Statement Data: (1)(2)(3)(4)(8)(9)**