ALICO INC
Form DEF 14A
December 18, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x 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))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

ALICO, 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

(4) Date Filed:

ALICO, INC.

Post Office Box 338

La Belle, Florida 33975

Notice of Annual Meeting of Shareholders

To be held January 18, 2008

To the Shareholders of ALICO, INC.: December 14, 2007

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of ALICO, INC., a Florida corporation (the Company), will be held in the Alico Arena at Florida Gulf Coast University, 10501 FGCU Blvd. South, Ft. Myers, Florida 33965, at Ten O clock A.M., on Friday, January 18, 2008, for the following purposes:

1. To elect nine Directors to serve until the next Annual Meeting of Shareholders or until their respective successors have been elected and qualified.

2. To transact such other business as may properly come before the meeting or any and all adjournments thereof.

Only shareholders of record on the Company s books at the close of business on November 30, 2007, will be entitled to notice of, and to vote at, said meeting.

If you are unable to attend the meeting in person but wish your shares to be voted upon the matters to come before it, please complete, sign and date the accompanying proxy card and mail it in the enclosed envelope. Postage is not required if mailed in the United States.

A copy of the Company s Forty-Eighth Annual Report to Shareholders, dated December 14, 2007, is enclosed herewith.

By Order of the Board of Directors

Denise Plair

Secretary

ALICO, INC.

Post Office Box 338

La Belle, Florida 33975

PROXY STATEMENT

SOLICITATION

December 14, 2007

La Belle, Florida

The Board of Directors of ALICO, INC. (the Company) hereby solicits proxies to be used at the Annual Meeting of Shareholders of the Company to be held on January 18, 2008, and at any and all adjournments thereof, and this proxy statement is furnished in connection therewith.

Every proxy may be revoked at any time prior to the exercise thereof by any shareholder giving such proxy, by giving written notice of revocation to the secretary of the Company at or before the annual meeting, by duly executing a subsequent proxy relating to the same shares or by attending the annual meeting. In addition to the use of the mails, directors, officers and regular employees of the Company may, without additional compensation, solicit proxies in person or by telephone, mail or telegraph. All costs of solicitation will be borne by the Company. Brokerage houses, bankers and others holding stock in their names or names of nominees or otherwise will be reimbursed for reasonable out-of-pocket expenses incurred by them in sending proxies and proxy material to the beneficial owners of such stock.

It is anticipated that this proxy statement and accompanying notice, form of proxy card and Company s Annual Report to Shareholders will be first sent to the Shareholders of the Company on or about December 18, 2007.

VOTING SECURITIES

The Company has only one class of voting securities outstanding, its Common Stock, par value $1.00 per share, of which 7,363,419 were outstanding as of November 30, 2007. Each share entitles the holder thereof to one vote per share. Only shareholders of record at the close of business on November 30, 2007, will be entitled to vote at the meeting or at any and all adjournments thereof.

INFORMATION REGARDING SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, DIRECTORS, AND MANAGEMENT:

The following table sets forth certain information relating to the beneficial ownership of shares of Common Stock of the Company as of November 30, 2007, by (i) each person who is known by the Company to own beneficially more than five percent of the outstanding shares of Common Stock, (ii) each director of the Company, (iii) any director nominees who are not currently serving on the Board of Directors; (iv) all of the executive officers named in the Summary Compensation Table (the Named Executive Officers), and (v) all directors and executive officers of the Company as a group. To the best knowledge of the Company, there are no other persons who own beneficially more than five percent (5%) of the Company s outstanding Common Stock. To the knowledge of the Company, except as noted in the footnotes below, all persons listed below have sole voting and investing power with respect to their shares of Common Stock, except to the extent authority is shared by spouses under applicable law.

	Shares Beneficially Owned (1)	
Name and Address of Beneficial Owners	**Amount and Nature of Beneficial Ownership**	**Percent of Class**
Atlantic Blue Group, Inc. 122 East Tillman Avenue Lake Wales, Florida 33853	3,725,457 (2)	50.60%
GMT Capital Corp. 2100 Riveredge Parkway, Suite 840 Atlanta, GA 30328	601,361 (3)	8.17%
Third Avenue Management LLC 622 Third Avenue, 32nd Floor, New York, NY 10017	418,531 (4)	5.68%
John R. Alexander ALICO, INC. Post Office Box 338 La Belle, Florida 33975	3,743,317 (2)(5)	50.84%
JD Alexander Atlantic Blue Group, Inc. 122 East Tillman Avenue Lake Wales, Florida 33853	3,725,487 (2)(6)	50.60%
Robert E. Lee Caswell	3,725,507 (2)(7)	*

3495 Piedmont Road Suite 900, Ten Piedmont Center Atlanta, GA 30305		
Evelyn D An 1301 N.E. 103rd Street Miami Shores, FL 33138	3,062(8)	*

Name and Address of Beneficial Owners	Shares Beneficially Owned (1) Amount and Nature of Beneficial Ownership	Percent of Class
Phillip S. Dingle HealthEdge Investment Partners, LLC 100 S. Ashley Drive, Suite 650 Tampa, FL 33602	4,806 (9)	*
Gregory T. Mutz AMLI 200 W. Monroe Street, Suite 2200 Chicago, IL 60606	15,510 (10)	*
Charles L. Palmer North American LLP 312 S.E. 17th Street, Suite 300 Fort Lauderdale, FL 33316	13,444 (11)	*
Baxter G. Troutman P.O. Box 1043 Winter Haven, FL 33882	3,726,057 (2)	50.60%
Robert J. Viguet, Jr. 333 Clay Street, Suite 3300 Houston, TX 77002	1,260 (8)	*
Gordon Walker 331 Ridgebriar Drive Richardson, TX 75080	3,782 (8)	*
Dan Gunter ALICO, INC. Post Office Box 338 La Belle, Florida 33975	1,450 (12)	*
Patrick W. Murphy ALICO, INC. Post Office Box 338	300	*

La Belle, Florida 33975		
Steven Smith ALICO, INC. Post Office Box 338 La Belle, Florida 33975	130	*
All executive officers and current directors as a group (12 persons)	62,254 (13)	0.85%

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* Less than one percent.

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the SEC) that deem shares to be beneficially owned by any person who has or shares voting and/or investment power with respect to such shares. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. There are no outstanding stock options for any of the parties included in the table above.

(2) Includes 3,725,457 shares held through Alico Holding, LLC (2215-B Renaissance Drive, Suite 5, Las Vegas, NV 89119), a wholly owned subsidiary of Atlantic Blue Group, Inc. of which Mr. John R. Alexander,

Mr. JD Alexander and Mr. Baxter G. Troutman may be considered to be the indirect beneficial owners by virtue of their shared control, together with the Alexander, Collier and Milligan families, of 100% of the stock of Atlantic Blue Group, Inc. Mr. Robert E. Lee Caswell may also be deemed to be the indirect beneficial owner of these shares by virtue of his wife s holdings and shared control of the stock of Atlantic Blue Group, Inc. Mr. JD Alexander is the President of Atlantic Blue Group, Inc. and thereby also exercises investment control over the shares held by Alico Holding, LLC.

(3) As reported by Vickers Stock Research Corporation on November 17, 2007 and includes shares reported by GMT Capital Corp. on Schedule 13D filed on February 6, 2007.

(4) As reported by Vickers Stock Research Corporation on November 17, 2007 and includes shares reported by Third Avenue Management LLC on Schedule 13G filed with the SEC as of February 14, 2007.

(5) Does not include 12,000 unvested shares received pursuant to stock awards. Pursuant to the terms of the grant, Mr. Alexander will not have the power to vote or dispose of any unvested restricted shares until vesting occurs. The unvested shares vest at the rate of 4,000 per year at August 31 of each year.

(6) Includes 30 shares held in the names of Mr. JD Alexander s children.

(7) Includes 50 shares held in the names of Mr. Caswell s children.

(8) Consists of shares received under the Directors Stock Compensation Plan pursuant to such director s election to receive shares in lieu of cash fees.

(9) Includes 3,606 shares received under the Directors Stock Compensation Plan pursuant to Mr. Dingle s election to receive shares in lieu of cash fees.

(10) Includes 9,210 shares received under the Directors Stock Compensation Plan pursuant to Mr. Mutz s election to receive shares in lieu of cash fees.

(11) Includes 3,444 shares received under the Directors Stock Compensation Plan pursuant to Mr. Palmer s election to receive shares in lieu of cash fees.

(12) Includes 500 shares that Mr. Gunter elected to receive in lieu of a cash bonus approved by the Board on November 13, 2007.

(13) Does not include the shares of Alico Holdings, LLC otherwise described above in footnote 1 to this table.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To the Company s knowledge, based solely upon a review of Forms 3, 4 and 5 and amendments thereto, furnished to the Company pursuant to Rule 16a-3(e) during the fiscal year 2007, and certain written representations, if any, made to the Company, no officer, director or beneficial owner of 10% or more of the Company s common stock has failed to file on a timely basis any reports required by Section 16(a) of the Exchange Act to be filed during fiscal 2007, except that John R. Alexander filed one Form 4 late reporting a gift of stock to his grandchildren, Dan Gunter filed one Form 4 late relating to a purchase of stock by his wife, and Steve Smith filed one Form 4 late related to dividend reinvestments in shares of the Company s stock**.**

PROPOSAL ONE

ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

At the Annual Meeting, nine Directors will be elected to hold office for the ensuing year or until their respective successors are duly elected and qualified, unless they earlier resign or a vacancy is created due to the respective death or removal of any of such directors, or for other cause in accordance with the Bylaws of the Company. Please note that there are ten nominees on the ballot. If a proxy card does not clearly indicate the vote desired, it will not be voted. If the proxy card indicates that authority is withheld from all of the nominees OR if the proxy card indicates a vote for more nominees than the nine positions on the Board, it will not be voted for any nominees. When you vote FOR the nominees on the ballot, you must also indicate at least one nominee for whom you withhold authority. The proxy cannot be voted for a greater number of persons than nine of the nominees. The Board of Directors has determined that all nominees are qualified to serve. All nominees, with the exception of Mr. JD Alexander, are currently members of the Board of Directors. All nominees have consented to being named in this proxy statement and have notified management that they will serve, if elected. Management knows of no reason why any of these nominees would be unable or unwilling to serve; but if any of the nominees should be unable to serve as a Director, the persons designated as proxies reserve full discretion to cast their votes for another person in his place.

A plurality of the votes received will elect each director. Abstentions and broker non-votes will not be counted for the purpose of determining whether a quorum exists.

THE BOARD OF DIRECTORS RECOMMENDS EACH OF THE NOMINEES LISTED BELOW, BUT YOU MAY ONLY VOTE FOR NINE OF THE TEN NOMINEES:

Information Regarding Director Nominees

The following sets forth the names, ages and business experience for the past five years, including principal occupation or employment (other than with the Company), of each of the ten Director nominees, as it has been furnished to the Company by each nominee.

Nominee	Age	Position with the Company, if any	Business Experience
John R. Alexander (1)	71	Chairman of the Board and Chief Executive Officer	Director and Chairman of the Board of Alico since 2004. Mr. Alexander also served as Chairman, President and Chief Executive Officer of Atlantic Blue Trust, Inc., n/k/a Atlantic Blue Group, Inc. (from February 26, 2004 until March 21, 2005) and as a Co-General Partner of Scenic Highland Grove, LLP (1996 to Present), Chairman of the Four Sisters Protectorate (1999 to 2004), and as Executive Vice President of the Four Sisters Properties, Inc.(2001 to 2004). Mr. Alexander served as Senior Vice President, Corporate Secretary and Director of Orange-co, Inc. (OCI) (1992-1998) and as Vice President and Director of Ben Hill Griffin, Inc. (1980-1998). He also serves on the Board of Directors of Farm Credit of Southwest Florida, ACA (1992 Present).

Nominee	Age	Position with the Company, if any	Business Experience
JD Alexander (1)	48		Mr. Alexander is the Chairman and Chief Executive Officer of Atlantic Blue Group, Inc. Mr. Alexander previously served as a Director of Alico from February 2004 through April 2005. Mr. Alexander serves as a Florida State Senator (2002 to Present) and previously served as a Florida State representative (1998 to 2002). He is a co-General partner of Scenic Highland Grove, LLP (1996 to Present) and previously worked for Alico, Inc. as Vice President of the Citrus Division (1987 to 1997).
Robert E. Lee Caswell (1)	48		Director of the Company since March 2005. Mr. Caswell is the Operations Manager for PC Associates, LLC, a developer and manager of mid-rise and high-rise office properties in Atlanta, Georgia and surrounding areas. Mr. Caswell has been with PC Associates since 1994, and he has prior experience in real estate development with a variety of companies, including residential, office and industrial development: Caswell & Associates, Inc. (1991-1994), AMLI Realty Co. (1987-1991), NTS Development Corporation (1985-1987); and Merrill Lynch Commercial Real Estate (1983-1985).
Evelyn D An	45		Director of the Company since April 2005. Ms. D An is the President and founder of D An Financial Services, Inc., an integrated business consulting and financial services firm formed in 2004 that provides accounting, finance, information technology and strategic tax expertise to its clients. Ms. D An is currently a member of the Board of Directors and of the Audit Committee of Hot Topic, Inc., a music-inspired retail apparel chain. Prior to founding D An Financial Services, Inc., Ms. D An was an audit and advisory partner at Ernst & Young (1998-2004), where, among numerous responsibilities, she established and led their South Florida Public Sector Practice.
Phillip S. Dingle	46		Director of the Company since April 2005. Mr. Dingle is Managing Partner and a founder of HealthEdge Investment Partners, LLC, a private equity firm that focuses on making control investments in healthcare companies. Mr Dingle is currently a member of the Board of Directors of DS Holdings, Inc. (pharmaceutical re-packager), Advanced Bio-Technologies, Inc. (dermatological products manufacturer/distributer), Omega HealthCare, Inc. (business process outsourcing), and Florida Health Sciences Center, Inc. (Tampa General Hospital); Mr. Dingle was the immediate past Chairman and Chief Executive Officer (2001-2004) of PlanVista Corporation (formerly HealthPlan Services Corporation, a New York Stock Exchange company) headquartered in Tampa, Florida until its 2004 merger with ProxyMed, Inc. (PILL). Before assuming the positions of Chairman and Chief Executive Officer of PlanVista, Mr. Dingle served as its President and Chief Executive Officer (2000-2001), as its Chief Financial Officer (1999-2000) and as its Chief Counsel (1996-1998).

Nominee	Age	Position with the Company, if any	Business Experience
Gregory T. Mutz	62	Lead Director	Lead Director of the Company since February 2005. Mr. Mutz is the Chairman of the Board (1994-present) and Chief Executive Officer (1994-1999, 2004 present) of AMLI Residential Partners, LLC, which was a NYSE company (AML) from 1994-2006 and is currently wholly owned by the PRIME Property Fund, an institutional real estate co-mingled fund managed by Morgan Stanley Real Estate, Inc. Mr. Mutz is also the Lead Trustee for the Aston Family of Mutual Funds, a large group of mutual funds sponsored by Aston and Highbury Financial, Inc. (NASDAQ: HBRF); a member of the Board of Genesis Financial Solutions, a privately-held company based in Portland, Oregon providing debt recovery, consumer lending and credit card services; a member of the Board of WAN S.A.; a residential real estate company headquartered in Warsaw, Poland and a member of the Board of Suknip International Limited, a residential real estate company headquartered in St. Petersburg, Russia. Mr. Mutz had previously served as an independent member of the board of Atlantic Blue Trust, Inc. (n/k/a Atlantic Blue Group, Inc.), a position he resigned immediately prior to his election to the Company s Board. From 1999-2003 Mr. Mutz served as President and Chief Executive Officer of UICI (NYSE: UCI), a Dallas-based insurance company.
Charles L. Palmer	65		Director of the Company since April 2005. Mr. Palmer is President and Chief Executive Officer of North American Company, LLLP, a diversified holding company based in Broward County, Florida which participates in specialty acquisition funds through North American Funds and real estate development through Sea Ranch Properties, Inc. Mr. Palmer has served in that capacity since 1972. Mr. Palmer acts as Chief Executive Officer of each of these Companies and of North American Business Development Companies, LLC, a business entity that manages each of the specialty acquisition funds. He is also chairman of each of the businesses held in such funds which currently include: Culinary Standards Corporation (frozen food manufacturer); Polymer Design Corporation (a liquid-resin parts manufacturer); and Unipower Corp., a manufacturer of power supplies. Mr. Palmer also serves on the boards of Sun Trust Bank of South Florida, NA, a subsidiary of SunTrust Banks, Inc., the Board of the Performing Arts Center Authority of Broward County, and the Broward County Community Foundation.

Nominee	Age	Position with the Company, if any	Business Experience
Baxter G. Troutman (1)	41		Director of the Company since 2004. Mr. Troutman serves as State Representative (2002 to Present) and is the Founder and CEO of Florida Labor Solutions, Inc. (1997 to Present), a temporary labor company providing over 800 employees to various businesses in Florida, Georgia and North Carolina. Prior to 1997, Mr. Troutman was a Regional Food Service Sales Manager for Orange-Co., Inc. (NYSE:OCI) from 1993 to 1996. Mr. Troutman was a director of Atlantic Blue Trust, Inc., n/k/a Atlantic Blue Group, Inc., from 2004 to March 21, 2005.
Robert J. Viguet Jr.	49		Director of the Company since September 2006, Mr. Viguet is a corporate and securities attorney in the Houston, Texas office of Thompson & Knight LLP, an international law firm where he has been a partner since 2003. Mr. Viguet was a shareholder in the Houston, Texas office of Chamberlain, Hrdlicka, White, Williams & Martin, a regional law firm where he was a member of the firm s corporate and securities practice group (1996-2003) and a member of the firm s management committee (1999-2002 and 2003). Mr. Viguet previously worked as a corporate attorney for Apache Corporation (NYSE: APA), a leading independent oil company (1993-1996), and was an investment banker and shareholder of McFarland, Grossman & Company, a private investment banking firm focusing on industry consolidations and emerging growth companies (1992-1993). Mr. Viguet is an independent member of the Board of Directors of Atlantic Blue Group, Inc. (2005-Present)
Gordon Walker, PhD	63		Director of the Company since April 2005. Dr. Walker is currently the David B. Miller Professor of Business and Chairman of the Department of Strategy and Entrepreneurship at the Cox School of Business, Southern Methodist University, having originally joined the University faculty in 1993. Previously, he taught at Yale University as an Adjunct Associate Professor, at the Wharton School as an Associate Professor, and at the Sloan School, Massachusetts Institute of Technology as an Associate and Assistant Professor.

(1) Mr. John R. Alexander is the father of Mr. JD Alexander, the uncle of Mr. Baxter G. Troutman and father-in-law to Mr. Robert E. Lee Caswell.

LEAD DIRECTOR POSITION

The Board established the position of Lead Director in February of 2005. The Lead Director is an independent Director designated by the other independent Directors when the Chairman of the Board is not an independent Director. The Lead Director s responsibilities include:

- convening and chairing regular sessions of the non-management Directors (executive sessions);

- convening and chairing special meetings of the non-management Directors as may be necessary from time to time, including in times of crisis;
- with the Chair/CEO, developing the agenda for Board meetings, identifying the Board s information needs associated with agenda items, and identifying the need for and scope of related presentations;
- communicating to the Chair/CEO (together with the chair of the appropriate committee), the results of the Board s evaluation of Chair/CEO performance;
- developing with the Nominating and Governance Committee procedures governing the Board s work;
- developing with the Nominating and Governance Committee criteria for Director candidates and discussing with the committee the Board s compositional needs;
- communicating to prospective Board members (together with the chair of the Nominating and Governance committee) any invitation to join the Board;
- recommending to the Board and its committees the retention of lawyers, consultants and advisors who directly report to the Board and/or to the independent Directors;
- coordinating the work and meetings of committees, and acting as liaison between Directors, committee chairs, the Chair/CEO and other senior members of management;
- serving as an information resource for the Directors; and
- performing such other duties as may be necessary for the Board to fulfill its responsibilities or as may be requested by the Board as a whole, by the non-management Directors, by the independent Directors, or by the Chair/CEO.

REPORT ON BOARD SELECTION/INCLUSIVENESS REVIEW

In recognition of the fact that Alico s employees, customers and shareholders represent a greater diversity of backgrounds than ever before, in 2002 the Company adopted a Policy for Board Inclusiveness Review to ensure that, in seeking qualified candidates to fill vacancies on our Board of Directors, the Company makes a greater commitment to locate candidates whose backgrounds reflect the diversity seen in Alico s employee, shareholder and customer base. While Alico has never discriminated against any employee, applicant, board candidate, or anyone on the basis of race, color, religion, sex, national origin, age, ancestry or disability, in order to achieve diversity, Alico is taking affirmative steps to identify qualified candidates who can enhance its Board. This does not mean that Alico will solicit for association with the Company anyone other than those whose skills, education, experience and performance are of the highest caliber. However, it does mean that Alico will actively seek to ensure that the candidate pool includes persons with diverse backgrounds.

Typically, Board vacancies are filled from nominees supplied by the Nominating and Governance Committee after considering nominees proposed by Board members or who come to the attention of the Nominating and Governance Committee through their performance in areas of benefit to the Company. In addition, the Nominating and Governance Committee will accept for consideration the names of qualified nominees submitted by shareholders of the Company, provided that such recommendations are limited to one nominee recommendation per shareholder or affiliated group of shareholders. Each nominee s qualifications are reviewed by the Nominating and Governance Committee, and the final selection is made on the basis of the nominee whose experience and background are deemed to provide a more valuable contribution to the Board. On an annual basis, at the shareholder s meeting, the slate of Board members is put to the shareholders for re-election. Board members are selected to serve on those committees where their individual talents and background would most benefit the Company. For the Audit, Nominating and Governance, and Compensation committees in particular, committee members are selected based on their expertise and independence in accordance with current SEC and Nasdaq rules. These processes are expected to remain the same for the foreseeable future.

POLICY ON SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The Company s Board has adopted a formal process by which shareholders may communicate with the Board. Shareholders who wish to communicate with the Board may do so by sending written communications addressed to the Board of Directors of Alico, Inc., at Post Office Box 338, La Belle, Florida 33975. Company contact information and procedures are also included on the Company s website at www.alicoinc.com.

DIRECTORS COMPENSATION AND MEETING ATTENDANCE

The Company s Board of Directors held ten (10) meetings during the fiscal year ended August 31, 2007. Each Director received annual compensation of $32,000 for his or her services as a Director of the Company, payable in quarterly installments. The Lead Director was paid an additional fee of $75,000 payable in quarterly installments. Effective January 1, 2008 the Lead Director s additional annual fee will be reduced to $25,000. Please see Director Fees and Equity Compensation on page 26 below. No director attended fewer than 75% of the aggregate of (1) the total number of meetings of the Board and (2) the total number of meetings of all the Committees of the Board on which he or she served. It is the Company s policy to strongly encourage its Directors to attend the annual meeting of shareholders, in addition to attendance at regular Board and Committee meetings.

BOARD COMMITTEES

The Company currently has the following standing committees: an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Strategy and Business Development Committee. The descriptions set forth below detail information about these Committees activities during the 2007 fiscal year, as well as the current composition of each Committee.

Audit Committee

The Audit Committee met nine (9) times during the fiscal year ended August 31, 2007. During the last completed fiscal year, each audit committee member received $1,000 for each committee meeting attended in person or $500 for each meeting attended telephonically. The Chairman of the Audit Committee was paid additional annual compensation of $10,000 in quarterly installments**.** The principal functions of the Audit Committee are to recommend to the Board of Directors the engagement of the Company s independent public accountants, to review with such accountants the plan for and results of their examination of the financial statements of the Company, to determine the independence of such accountants, to review required SEC filings and to review the adequacy of the system of internal accounting control, procedures and practices. The Committee s report on its activities for the 2007 fiscal year begins on page 29 of this proxy statement. Fees paid to the Company s independent registered certified public accountants during the fiscal year ended August 31, 2007 are set forth on page 30. The Audit Committee operates pursuant to a Charter approved by the Board, most recently amended in May, 2005. A copy of the revised Charter was attached to the proxy statement relating to the Annual Meeting of Shareholders held on June 10, 2005. The Charter is available on the company s web site at www.alicoinc.com.

The Audit Committee is currently composed of four independent non-employee Directors: Phillip S. Dingle (Chairman), Evelyn D An, Gregory T. Mutz, and Dr. Gordon Walker. All members of the Audit Committee are independent directors as defined by Rule 4200(a)(15) of the National Association of Securities Dealers listing standards. The Company s Board of Directors has determined that Mr. Gregory T. Mutz, Mr. Phillip Dingle and Ms. Evelyn D An are all qualified to serve as financial experts to the Audit Committee. Ms. D An currently serves as the designated financial expert for the Committee, for which she receives annual compensation of $5,000 payable in quarterly installments.

Compensation Committee

The Compensation Committee met nine (9) times during the fiscal year ended August 31, 2007. Compensation Committee members were paid $1,000 for each committee meeting attended in person or $500 for each meeting attended telephonically. The Chairman of the Compensation Committee was paid additional annual compensation of $5,000 payable in quarterly installments. The Compensation Committee operates pursuant to a charter adopted by the Board, a copy of which is posted on the Company s website at www.alicoinc.com. The Compensation Committee reviews the compensation of the executive officers of the Company and makes recommendations to the Board of Directors regarding such compensation. The Compensation Committee s report on executive compensation is set forth on page 14 and precedes a detailed Compensation Discussion and Analysis which begins on that same page.

This Committee is currently composed of four directors: Charles L. Palmer (Chairman), Gregory T. Mutz, Robert J. Viguet, Jr., and Dr. Gordon Walker.

Compensation Committee Interlocks and Insider Participation. None of the current members of the Compensation Committee is an officer or employee of the Company. In addition, there are no interlocking relationships between any of these directors and any other executive officer of the Company, and each of them is independent under the listing standards of Nasdaq.

Nominating and Governance Committee

The Nominating and Governance Committee, which is composed of five directors, is charged with identifying individuals qualified to become board members, recommending to the Board the director nominees for the next annual meeting of shareholders or to fill vacancies between annual meetings, and with various corporate governance oversight responsibilities. The Nominating and Governance Committee met five (5) times during the fiscal year ended August 31, 2007. The Committee operates pursuant to a Charter, a copy of which was attached to the proxy statement for the shareholders meeting held on June 10, 2005, and is also posted on the Company s website at www.alicoinc.com.

The Nominating and Governance Committee is currently composed entirely of directors who satisfy the definition of independent under the listing standards of The NASDAQ Stock Market (Nasdaq). Currently the members of the Nominating and Governance Committee are: Dr. Gordon Walker (Chairman), Evelyn D An, Gregory T. Mutz, Robert J. Viguet, Jr. and Charles L. Palmer.

Nominating and Governance committee members were paid $1,000 for each committee meeting attended in person or $500 for each meeting attended telephonically. The Chairman of the Nominating and Governance Committee was paid additional annual compensation of $5,000 payable in quarterly installments.

The Nominating and Governance Committee and the Board require that all candidates for directors be persons of integrity and sound ethical character, be able to represent all shareholders fairly, have no interests that materially conflict with those of the Company and its shareholders, have demonstrated professional achievement, have meaningful management, advisory or policy making experience, have a general appreciation of the major business issues facing the Company and have adequate time to devote to service on the Board. The Board also evaluates candidates based on their independence from the Company, financial literacy, knowledge of the Company s industry and experience serving on other Boards. For each annual meeting of the Company s shareholders, the Nominating and Governance Committee nominates qualified incumbent directors who continue to satisfy the foregoing criteria for membership on the Board, whom the Committee believes will continue to make important contributions to the Board and who consent to stand for re-election and, if re-elected, to continue their service on the Board. If there are Board positions for which the Nominating and Governance Committee will not be re-nominating a qualified incumbent, the Committee s members will solicit recommendations for nominees from persons they believe are likely to be familiar with qualified candidates, including members of the Board and senior management. The Nominating and Governance Committee may also engage a search firm to assist in identifying qualified candidates and will consider recommendations for director nominations submitted by shareholders entitled to vote generally in the election of shareholders, in accordance with Committee s policy for such shareholder recommendations as described herein. The Nominating and Governance Committee will review and evaluate each candidate whom it believes merits serious consideration, taking into account all available information concerning the candidate, the qualifications for Board membership established by the Nominating and Governance Committee, the existing composition and mix of talent and expertise on the Board and other factors that it deems relevant. In conducting its review and evaluation, the Committee may solicit the views of management and other members of the Board and may conduct interviews of proposed candidates. The Company did not pay any fees to a third party in connection with the identification or evaluation of potential nominees for the year ended August 31, 2007.

The Nominating and Governance Committee has adopted a formal policy with regard to the consideration of any director candidates recommended by shareholders. The criteria for consideration of shareholder recommendations are as follows: (a) for each annual meeting of the Company s shareholders, the Nominating and Governance Committee will accept for consideration only one recommendation from any shareholder or affiliated group of shareholders; (b) only candidates who satisfy the Company s minimum qualifications for directors will be considered, and (c) in considering shareholder recommendations, the Committee will take into account, among other factors, the size and duration of the recommending shareholder s ownership interest in the Company and whether the shareholder intends to continue holding that interest through the annual meeting date. A shareholder wishing to recommend to the Nominating and Governance Committee a candidate for election as a director must submit the recommendation in writing to the Nominating and Governance Committee, in care of the Company s corporate secretary at the address of the Company s headquarters. Submissions recommending candidates for election at the next annual meeting must comply with the same deadline as other shareholder proposals for such meeting; that is, the recommendations must be received not later than 120 calendar days prior to the first anniversary of the date of the proxy statement for the prior annual meeting of shareholders. In the event that the date of the next annual meeting of shareholders is more than 30 days following the first anniversary date of the annual meeting of shareholders for the prior year, the submission must be made in a reasonable time in advance of the mailing of the Company s next annual proxy statements. Each nominating recommendation must include such specified information concerning the shareholder or group of shareholders making the recommendations as the Nominating and Governance Committee may determine from time to time, the name of the proposed nominee, any relationships between the recommending shareholder and the proposed nominee and the qualifications of the proposed nominee to serve as a director. The recommendation must also be accompanied by the consent of the proposed nominee to serve if nominated and the agreement of the nominee to be contacted by the Nominating and Governance Committee, if the Committee decides in its discretion to do so.

With the exception of JD Alexander, all director nominees approved by the Nominating and Governance Committee for inclusion in the Company s proxy card for the next annual meeting are directors who were elected at the last Annual Meeting of Shareholders held on January 19, 2007 and who are standing for re-election.

This year the Nominating and Governance Committee decided to propose ten nominees for nine positions in order to provide the shareholders a choice between otherwise qualified nominees. The nine nominees receiving the most votes will be seated as directors.

Strategy and Business Development Committee

The Strategy and Business Development Committee, which is composed of six Directors, reviews with the Chief Executive Officer, the President and other management of the Company, the long-range financial and strategic objectives for the Company. This Committee is currently composed of: Dr. Gordon Walker (Chairman), Phillip S. Dingle, Gregory T. Mutz, Charles L. Palmer, Baxter G. Troutman, and Robert J. Viguet, Jr.

The Strategy and Business Development Committee met four (4) times during fiscal year 2007. Strategy and Business Development Committee members were paid $1,000 for each committee meeting attended in person or $500 for each meeting attended telephonically. The Charter for the Strategy and Business Development Committee is available on the company s web site at www.alicoinc.com.

INDEPENDENCE OF DIRECTORS

Each Director has been asked to complete an Independence questionnaire which elicits responses about each Director s personal and business relationships and other factors affecting their independence. Based on its review of such questionnaires and all other available information, the Nominating and Governance Committee analyzed the independence of each director and determined that the following directors meet the standards of independence under applicable NASDAQ Stock Market (NASDAQ) listing standard, including that each member is free of any relationship that would interfere with his or her individual exercise of independent judgment: Messrs. Dingle, Mutz, Palmer, Viguet, and Walker, as well as Ms. D An. In addition, the Nominating and Governance Committee has determined that by virtue of his service on the Board of Atlantic Blue Group, Inc., Mr. Viguet is independent for all committee assignments other than the Audit Committee. Mr. Viguet abstains from voting on any matter in which Atlantic Blue Group, Inc. has an interest.

CODE OF ETHICS

On September 28, 2007, the Board of Directors amended the Company s Code of Business Conduct and Ethics, originally adopted during fiscal year 2003. This Code of Ethics applies to all directors, officers and employees and includes a Whistleblower Policy with procedures for the submission of complaints or concerns regarding financial statement disclosures and other matters. These amendments were essentially administrative in nature. A copy of the revised Code of Ethics is posted on the Company s website. Any person will be provided with a copy of such Code of Ethics without charge upon written request to the Company s address, attention: Denise Plair, Corporate Secretary. A copy of the revised Code of Ethics may also be found as an Exhibit to the Company s Annual Report on Form 10-K for the year ended August 31, 2007.

COMPENSATION COMMITTEE REPORT

Compensation Philosophy

The Company seeks to attract, retain and motivate highly qualified employees at all levels, and in particular, those whose performance is most critical to the Company s success. To accomplish this, the Company is willing to provide competitive compensation to motivate and reward performance. The compensation programs of Alico, Inc. are an integral part of executing Alico s strategy for striving to produce superior returns for its shareholders.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis that immediately follows this report. Based on this review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into Alico s Annual Report on Form 10-K for the year ended August 31, 2007.

Submitted by the Compensation Committee of the Board:

Charles L. Palmer, Chairman

Gregory T. Mutz

Robert J. Viguet Jr.

Gordon Walker

Compensation Discussion and Analysis

Overview. The Company s business, agriculture and land management, operates in a competitive environment requiring management with specialized skills in these sectors. In addition, the Company s location, far from large metropolitan areas, presents certain challenges in attracting top management talent with the adequate combination of skill set and knowledge in certain disciplines critical to the success of the Company s operations. In order to compete effectively for such talent, the Committee designed the Company s executive compensation programs to attract top quality executive officers, retain them by rewarding loyalty and tenure, and motivate them by rewarding performance. This performance-based compensation objective results in a compensation program that:

- provides executives with compensation that maintains a balance between cash and stock compensation;
- provides a significant portion of total compensation on an at risk basis, so that pay may vary depending on both annual and long-term performance of the Company and the creation of shareholder value; and
- aligns the Company s executive officers interests with those of the Company s stockholders.

The basic elements of compensation for the Company s executive officers are (a) base annual salary, (b) annual performance-based cash incentive awards which may be taken in stock at the election of the executive, implemented through the Company s Management Bonus Plan (MBP) and (c) long-term incentive compensation realized through restricted stock grants or participation in the Company s Management Security Plan (MSP) for certain executives. Perquisites or other fringe benefits make up only a very minor portion of the total annual compensation. None of the named executive officers are covered by employment, severance or change in control agreements. To date the Company has not used the services of a compensation consultant in establishing compensation targets for its executives.

The core principles underlying the framework for Alico s compensation program are:

Total compensation must be competitive, relative to comparable size and industry companies pay opportunities and will target levels that will attract, motivate and retain the best talented executives.

Pay must be performance based so that a significant part of each executive s annual cash compensation is directly linked to a combination of the overall performance of the Company, division and individual financial and non-financial performance goals (based on the achievement of predetermined business plan goals and metrics).

A portion of the total compensation should be equity-based so as to better align Alico s senior management s performance with that of its shareholder interests, so that they manage from the perspective of owners with an equity stake in the Company.

Compensation should instill a long-term commitment to Alico and promote long-term thinking amongst its management team.

The annual performance review for determining compensation follows a principled, structured framework for analysis. This analysis focuses on financial and non-financial performance measures that the Committee believes collectively best indicate successful management of Alico s business. The analysis takes into account performance against internal business goals.

Equity participation is an important component of the senior management team s compensation, particularly for the two top executive officers for whom stock compensation was a very significant percentage of their total compensation package during the last two fiscal years. The Compensation Committee believes that stock ownership is the simplest, most direct way to align the interests of the executive officers with those of Alico s stockholders. The vesting and other design features of these awards, together with the stock ownership guidelines, encourage long-term stock ownership by the Company s executive officers to further motivate them to create long-term stockholder value.

Excellence in Governance. The Company s executive compensation program relies on the Committee s judgment in evaluating performance using a principled, structured framework for analysis. The Committee actively engages in the evaluation process and follows procedures intended to ensure excellence in Alico s pay-for-performance mandate. For example, the Committee annually reviews each executive officer s total compensation package, including base salary, cash and stock incentive awards, qualified and nonqualified retirement and deferred compensation benefit accruals and the incremental cost of all perquisites. The Committee utilizes, and makes available to the full Board, an executive compensation statement, or tally sheet, for each executive officer for this purpose. The compensation totals are then compared to the Company s Peer group executive compensation data as well as to other companies comparable to Alico on various measures. Finally, each executive officer s compensation is compared to such officer s total evaluation on a Performance to Plan Goals basis.

Examples of Alico s Commitment to Performance-based Compensation. The Committee believes that the Company s actions in recent years demonstrate its commitment to the pay-for-performance mandate:

Alico does not have any employment, severance or change in control agreements with any of its named executive officers.

Alico encourages long-term stock ownership by its senior executive officers, with graduated vesting over a period of several years in the case of most awards.

Alico has not issued stock options in recent years, shifting to restricted stock as part of a balanced approach to stock compensation.

The Company s 1998 Incentive Equity Plan was recently amended to prohibit discounted stock options.

The Company recently terminated the Executive Officers future participation in the Management Security Plan (MSP), a defined benefit plan, and allowed such executives to elect payout of their accrued benefits, replacing the benefits thereunder with restricted stock grants. See Pension Benefits on page 25 for a more detailed explanation of the MSP.

Measuring Performance. The Committee evaluates the Company s achieved performance each year against the goals set in the Company s annual business plans. The Committee compares each executive officer s contribution to the Company s overall performance and compares each executive officer s performance against the stated goals in the business plan created for such executive officer. In order to achieve target or above target compensation awards, the Committee must determine that internal business goals for the performance measures were attained.

For those executive officers who lead a line of business, the Committee considers how that line of business has performed against its internal business goals and whether such performance was affected by factors (whether positive or negative) outside the control of such executive officer. In addition, as part of the annual performance review for the Company s executive officers other than the Chief Executive Officer, the Committee considers the Chief Executive Officer s perspective on each executive officer s individual performance as well as on the performance of the Company s various lines of business.

Peer Group/Competitors. The Committee reviews the Company s relative performance against the four agribusiness and land management companies comprising its Peer Group. The Company s current Peer Group consists of Alexander & Baldwin, Consolidated Tomoka Land, St. Joe and Tejon Ranch. These companies are used as the Company s Peer Group because they are in some of the same lines of business as the Company, thereby being subject to similar economic cycles. However, the comparison is not always perfect since the Peer Group companies are not all of a comparable size to Alico. Accordingly, the Committee also reviews the Company s performance against that of other comparable companies, such as public companies (regardless of industry) that are of comparable size in market capitalization, gross revenues and total number of employees.

Levels and Mix of Compensation. Each year the Committee determines a target total compensation package for each executive officer, made up of base salary plus the following two elements of performance-based compensation: (i) cash incentive/bonus compensation and (ii) restricted stock awards. In establishing the target total compensation package for each year, the Committee considers whether the target total compensation opportunities are internally consistent with each executive officer s relative scope of responsibility and accountability for overall performance. The following further describe all elements of the compensation package:

Base Salary. The Committee establishes the relative base salary levels for the executive officers to reflect each executive officer s scope of responsibility and accountability within the Company and as a part of a competitive total compensation package in light of compensation practices at Alico s Peer Group and other comparable companies.

Annual Cash/Stock Incentives. The Committee determines the actual cash incentive and restricted stock awards for each executive officer following the end of the fiscal year based on the Committee s assessment of such executive officer s performance. The Committee expects that executive officers will be compensated for performance only, so achievement of target compensation levels is dependent on strong performance. Base salary represents between 28% to 62% of the total compensation package for the Company s executive officers, with the CEO and President t