ALICO INC
Form DEFR14A
May 12, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 1)

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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(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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(1) Amount Previously Paid:

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

(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 June 10, 2005

To the Shareholders of ALICO, INC.: May 12, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of ALICO, INC., a Florida corporation (the Company), will be held at the Bell Tower Holiday Inn Select at 13051 Bell Tower Drive, Fort Myers, Florida, at Ten O clock A.M., on Friday, June 10, 2005, for the following purposes:

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

2. To approve the Company s Director Stock Compensation Plan.

3. 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 April 29, 2005, 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-Fifth Annual Report to Shareholders, dated January 21, 2005, 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

May 12, 2005

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 June 10, 2005, and at any and all adjournments thereof, and this proxy statement is furnished in connection therewith. This proxy statement replaces the proxy statement that was previously mailed to stockholders of the Company on or about January 11, 2005 (the January Proxy Statement). On February 1, 2005, five of the nominees named in the January Proxy Statement resigned as directors and elected not to stand for reelection. This action caused the Company not to be in compliance with various Marketplace Rules of the Nasdaq Stock Market relating to the composition of the Company s Board and its committees. As a result of this action, the Company elected to postpone the annual meeting originally scheduled for February 11, 2005 so as to have time to identify a new slate of nominees to replace the resigning directors and reestablish compliance with the applicable Nasdaq Stock Market Marketplace Rules. Between February 1, 2005 and the date of this proxy statement, the Company has issued press releases and filed Current Reports on Form 8-K announcing the resignation of these directors and the postponement of the annual meeting and other matters related thereto, copies of which can be found on the Company s website at www.alicoinc.com. Since February 1, 2005, the Company has elected six new Board members to fill the vacancies created by the resigning directors and Dr. Lester s retirement on February 28, 2005, and the Company is now compliant with all Nasdaq rules regarding the composition of the Board and its committees. Please refer to RECENT EVENTS RELATING TO CHANGE IN BOARD COMPOSITION/NOMINEE SLATE AND CORPORATE GOVERNANCE starting on page 7 of this Proxy Statement for a more detailed discussion of these events. The Board has fixed the number of Board seats at eight. This proxy statement replaces the January Proxy Statement, and reflects the new slate of director nominees and includes the changes in composition of the Board and its various committees. It also includes a Director Stock Compensation Plan to be voted upon by the Stockholders.

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 May 12, 2005.

VOTING SECURITIES

The Company has only one class of voting securities outstanding, its Common Stock, par value $1.00 per share, of which 7,322,552 were outstanding as of April 29, 2005. Each share entitles the holder thereof to one vote per share. Only shareholders of record at the close of business on April 29, 2005, will be entitled to vote at the meeting or at any and all adjournments thereof.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AS OF APRIL 29, 2005:

The following table sets forth certain information relating to the beneficial ownership of shares of Common Stock of the Company as of April 29, 2005, 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) all of the executive officers named in the Summary Compensation Table (the Named Executive Officers), and (iv) 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 Trust, Inc. 122 East Tillman Avenue Lake Wales, Florida 33853	3,493,777(2)	47.7%
Beck, Mack & Oliver Madison Ave New York, NY 10017	559,037(3)	7.6%
Mercury Real Estate Advisors LLC 100 Field Point Road Greenwich, CT 06830	490,776(4)	6.7%
John R. Alexander ALICO, INC. Post Office Box 338 La Belle, Florida 33975	3,494,077(2)	47.7%
Robert E. Lee Caswell	0	*

3495 Piedmont Road Suite 900, Ten Piedmont Center Atlanta, GA 30305		
Evelyn D An 1301 N.E. 103rd Street Miami Shores, FL 33138	0	*
Phillip S. Dingle 4516 W. Watrous Avenue Tampa, FL 33629	740	*
Ben Hill Griffin III (5) 700 S. Scenic Highway Frostproof, FL 33843	0	*

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Name and Address of Beneficial Owners	Shares Beneficially Owned (1) Amount and Nature of Beneficial Ownership	Percent of Class
W. Bernard Lester (6) ALICO, INC. Post Office Box 338 La Belle, Florida 33975	6,820	*
Gregory T. Mutz 125 S. Wacker Drive, Suite 3100 Chicago, IL 60606	6,300	*
Charles L. Palmer 2205 Middle Rive Drive Fort Lauderdale, FL 33305	10,000	*
Baxter G. Troutman P.O. Box 1043 Winter Haven, Fl	3,494,377 (2)	*
Gordon Walker 331 Ridgebriar Drive Richardson, TX 75080	0	
Patrick W. Murphy P.O. Box 1036 La Belle, FL 33975	200	*
L. Craig Simmons (7) 70 Live Oak Lane La Belle, FL 33935	0	
All executive officers and directors as a group (9 persons)	3,511,317	47.9%

* 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 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. Shares of Common Stock subject to options that are currently exercisable or exercisable within 60 days of April 29, 2005, are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person, but are not treated as outstanding for the purpose of

computing the percentage ownership of any other person.

(2) Includes 3,493,777 shares held through Alico Holding, LLC (2215-B Renaissance Drive, Suite 5, Las Vegas, NV 89119), a wholly owned subsidiary of Atlantic Blue Trust, Inc. of which Mr. John R. 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 Trust, Inc.

(3) As reported by Beck, Mack & Oliver on Schedule 13D filed on December 31, 2004.

(4) As reported by Mercury Real Estate Advisors LLC on Schedule 13D filed with the SEC as of March 1, 2005.

(5) Resigned February 26, 2004.

(6) Retired February 28, 2005

(7) Resigned effective April 15, 2005.

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 2004, 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 2004, except that Thomas E. Oakley filed one late Form 4 related to the sale of 2,616 shares of the Company s Common Stock.

PROPOSAL ONE

ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

At the Annual Meeting, eight 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. Unless authority is withheld on the attached form of proxy card, such proxy will be voted FOR the election of the nominees set forth below to serve as such Directors. The proxy cannot be voted for a greater number of persons than the number of nominees nominated. All nominees are currently members of the Board of Directors and 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 VOTING FOR EACH OF THE NOMINEES LISTED BELOW:

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 eight 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)	68	Chairman of the Board, President and Chief Executive Officer	Director and Chairman of the Board of the Company since 2004. Mr. Alexander also served as Chairman, President and Chief Executive Officer of Atlantic Blue Trust, 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

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Nominee	Age	Position with the Company, if any	Business Experience
			and Corporate Secretary and Director of Orange-co, Inc. (OCI) (1992-1998) and as Vice President and Director of Ben Hill Griffin, Inc. (1980-1998). Mr. Alexander serves on the Board of Directors of Farm Credit of Southwest Florida, ACA (1992 Present).
Robert E. Lee Caswell (1)	44		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	43		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. 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	43		Director of the Company since April 2005. Mr. Dingle was the immediate past Chairman and Chief Executive Officer (2001-2004) of Plan Vista Corporation (formerly HealthPlan Services Corporation, a New York Stock Exchange company) headquartered in Tampa, Florida until its recent 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). Mr. Dingle also serves on the board of Health Care Cost Management, Inc., a privately-held pharmaceutical cost management company.

Nominee	Age	Position with the Company, if any	Business Experience
Gregory T. Mutz	59	Lead Director	Lead Director of the Company since February 2005. Mr. Mutz is the Chairman (1994 present) and Chief Executive Officer (1994-1999, 2004 present) of AMLI Residential Properties Trust (NYSE: AML), a real estate investment trust. Mr. Mutz is also the Lead Trustee for the ABN Amro Family of Mutual Funds, a large group of mutual funds sponsored by ABN Amro, an international diversified bank and financial institution, and 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. Mr. Mutz had previously served as an independent member of the board of Atlantic Blue Trust, 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	63		Director of the Company since April 2005. Mr. Palmer is President and Chief Executive Officer of North American Company, LLLP, a diversified holding company headquartered 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: J&B Meats Corp. (a meat processor); Culinary Standards Corporation (frozen food manufacturer); Polymer Design Corporation (a liquid-resin parts manufacturer); Actown Electrocoil, Inc (manufacturer of custom electromagnetic devices); and PCT Interconnect (a quick-turn printed circuit board manufacturer). Mr. Palmer also serves on numerous boards including 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)	38		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. from 2004 to March 21, 2005.
Gordon Walker, PhD	60		Director of the Company since April 2005. Dr. Walker is currently the 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 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 uncle of Mr. Baxter G. Troutman and father-in-law to Mr. Robert E. Lee Caswell.

RECENT EVENTS RELATING TO CHANGE IN BOARD COMPOSITION/NOMINEES SLATE

AND CORPORATE GOVERNANCE

On February 1, 2005, five independent directors of Alico, Inc. resigned as directors and declined to stand for re-election as directors at the annual meeting of Alico stockholders scheduled for February 11, 2005. This action followed the withdrawal by Atlantic Blue Trust, (ABT) of a proposal that the Company consider a re-organization with ABT, the holder of approximately 48% of the Company s common stock. Each of the five directors was a member of the Special Committee of independent directors of Alico that was reviewing the possible restructuring transaction. In a letter delivered to John Alexander, Chairman of the Board of Alico, Inc. and at the time also Chairman and Chief Executive Officer of ABT, the resigning directors asserted grievances with ABT and Mr. Alexander relating to, among other things, ABT s request that the Alico Special Committee consider the declaration of a special dividend in connection with its consideration of a possible restructuring, the suggestion by Mr. Alexander that the Alico Nominating Committee consider the nomination of Gregory T. Mutz to fill the vacancy on the Alico Board created by the retirement of Alico s then serving Chief Executive Officer, W. Bernard Lester, the composition of management of Alico if a restructuring transaction were consummated with ABT and Mr. Alexander s request that he serve as interim Chief Executive Officer of Alico following Dr. Lester s retirement.

The letter of resignation also set forth certain demands the resigning directors made of ABT, as a condition to their continued service, which would have required ABT to agree that until after the 2006 Annual Meeting of Shareholders of Alico, ABT would not acquire any additional shares of Alico common stock and would not take any action to remove the resigning directors from their positions on the Alico board. The letter also outlined the resigning directors requirement that Alico agree to engage an executive search firm to identify a replacement for

Mr. Lester, permit the independent directors of Alico to hire their own legal, financial and other advisors to assist them in their capacities as directors and adopt a bylaw provision relating to record dates and advance notice of stockholder proposals and director nominations which would have had the effect of restricting the rights of all stockholders to propose nominees for directors at the annual meeting of stockholders or to take action outside of a meeting called by the Alico board. The letter cited ABT s refusal to agree to all of these demands in total as the basis for the directors resignations.

Upon receipt of these demands, Mr. Alexander stated that, for many years, 48% of Alico s stock has been held by a single shareholder and that it was unfortunate for the individuals to suddenly decide that they were no longer willing to continue to act as directors unless ABT agreed to give up a number of basic rights enjoyed by all Alico stockholders. He further stated that while, in an effort to accommodate their demands, ABT was willing to agree to remain below 50% ownership until after the 2006 Annual Meeting of Shareholders and to support some of their other requests, ABT was unwilling to agree to the demand from these directors that, regardless of what actions they may take or propose in the future, ABT would be forced to acquiesce and be required to agree to keep these directors in office until after the 2006 annual meeting. Mr. Alexander noted that ABT was committed to the proposition that Alico should have a majority of independent directors, but it believed that directors should serve subject to the shareholder oversight provided by law, regulation and common sense. Mr. Alexander stated that ABT was unwilling to exempt these directors from such oversight.

Mr. Alexander noted that ABT is, and always has been, committed to good corporate governance, and at no time has ABT threatened or even suggested that it would seek to remove any of these individuals as directors or attempted to use its stock to influence the deliberations of the Special Committee in any manner. He noted that at all times these five independent directors comprised a majority of the Alico board and were the sole members of the Company s Nominating and Governance Committee, Compensation Committee, Audit Committee and Special Committee. As such these five directors controlled who was nominated to the Alico board, who served as Alico s management and had complete control over whether or not a proposed reorganization with ABT would occur and if it occurred what terms, conditions and structure would govern the transaction. Additionally, Mr. Alexander noted that ABT supported the nomination of these individuals and had every intention of voting in favor of their reelection at the Annual Meeting. Mr. Alexander noted that these individuals, representing a majority of the Alico board and able to control any decision and vote of the Board, regrettably chose to resign from the Board rather than serve and represent the interests of all of Alico s shareholders.

As a result of the director resignations, Alico postponed its annual meeting of shareholders previously scheduled for February 11, 2005 and initiated the process to find replacement independent directors. New independent directors were named to the Board during February, March and April of 2005 and are included in the nominee slate set forth above. Additionally, ABT has provided the Company with assurances that it has always been and is committed to good corporate governance. In a letter from ABT to Alico, ABT stated that through Alico s 2007 Annual meeting ABT would (i) at all times vote its shares of common stock at Alico s annual shareholder meeting to elect director nominees such that a majority of Alico s Board of Directors is comprised of directors who are independent as defined in Nasdaq Rule 4200 and also who are not directors, officers, employees or stockholders of ABT or family members of a director, officer, employee or stockholder of ABT, (ii) not acquire, through open market or private purchase, more than 55% of Alico s outstanding common stock on a fully diluted basis, (iii) not engage in any related party transaction with Alico or any of its subsidiaries unless such transaction is approved by a majority of the independent directors on Alico s Board of Directors (or a committee of Alico s Board of Directors comprised entirely of independent directors), (iv) separate the person serving as the Chairman and CEO of Alico and the person serving as the Chairman and CEO of ABT so that the top executive officer at each Company is a different individual, and (v) separate the Directors of Alico and ABT such that no Director would concurrently serve on both the ABT and Alico Boards. Subsequent to receipt of this letter, Messrs. John R. Alexander and Baxter Troutman resigned from the ABT Board and Mr. J. D Alexander resigned from the Alico board. Mr. John R. Alexander has also resigned from the positions of Chairman, President and Chief Executive Officer of ABT.

The resignation of the independent directors caused the Company to not be in compliance with Nasdaq Stock Market Marketplace rules and Nasdaq issued a delisting determination which was made moot by the appointment of five qualified independent replacement directors. The Company is now in compliance with Nasdaq Stock Market Marketplace Rules relating to independent directors.

A copy of the letter from the resigning directors to Mr. Alexander was disclosed as an exhibit to a Current Report on Form 8-K filed by Alico in accordance with the rules and regulations of the SEC. This Report is available at the SEC s Internet site (http://www.sec.gov).

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 the 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 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 compensation committees in particular, committee members are selected based on their expertise and independence in accordance with current SEC and Nasdaq rules. These processes will remain the same.

POLICY ON SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The Company s Board has adopted a formal process by which stockholders may communicate with the Board. Stockholders 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. This information is also contained on the Company s website at www.alicoinc.com.

DIRECTORS COMPENSATION AND MEETING ATTENDANCE

The Company s Board of Directors held 12 meetings during the fiscal year ended August 31, 2004. Each member of the Board of Directors, including employees of the Company from September 1, 2003 to February 25, 2004, received $1,000 for each board meeting attended. Each member of the Board of Directors, excluding employees of the Company received $4,000 for each board meeting attended from February 26, 2004 to August 31, 2004. 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 stockholders, 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, and a Nominating and Governance Committee. Until February 1, 2005, the Company also had an Independent Directors Committee. The Company also had an Executive Committee and an Investment Committee until May 3, 2005, at which time the Board of Directors amended the Company s By-laws and eliminated these Committees. The descriptions set forth below detail information about these Committees activities during the 2004 fiscal year, as well as the current composition of each Committee.

Audit Committee

The Audit Committee met seven times during the fiscal year ended August 31, 2004. During the last completed fiscal year, each independent director received $1,000 for each committee meeting attended, and the chairman received $1,250. 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 2004 fiscal year starts on page 20 of this proxy statement. Fees paid to independent auditors during the fiscal year ended August 31, 2004 are set forth on page 21. The Audit Committee operates pursuant to a Charter approved by the Board, a copy of which was attached to the proxy statement relating to the Annual Meeting of Shareholders held in 2000. The Board has recently revised the Audit Committee Charter and the revised Charter is attached as Appendix A to this proxy statement.

The Audit Committee is currently composed of four independent non-employee Directors: Gregory T. Mutz (Chairman), Phillip S. Dingle, Evelyn D An 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. Mr. Mutz currently serves as the designated financial expert for the Committee. The members of the Audit Committee serving during the fiscal year ended August 31, 2004 were: Larry A. Carter, Chairman, William L. Barton, Thomas E. Oakley, Richard C. Ackert and Stephen M. Mulready.

Compensation Committee

The Compensation Committee met four times during the fiscal year ended August 31, 2004. Outside directors were paid $1,000 for each committee meeting attended, and the chairman was paid $1,250. 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 members of the Compensation Committee serving during the fiscal year ended August 31, 2004 were: Thomas E. Oakley, Chairman, William L. Barton, Larry A. Carter, Richard C. Ackert and Stephen M. Mulready. The Compensation Committee s report on executive compensation is set forth on page 15.

This Committee is currently composed of three directors: Gregory T. Mutz, Dr. Gordon Walker, and Charles L. Palmer (Chairman). Mr. Troutman and Mr. Mutz were the members of the Committee between February 21, 2005 and April 6, 2005, at which time Mr. Troutman resigned his position on the Committee. Mr. Palmer was elected Chairman of the Compensation Committee on April 22, 2005. Mr. Mutz served as Chairman from February 21, 2005 through April 22, 2005.

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.

Executive Committee

The Executive Committee met five times during the fiscal year ended August 31, 2004. No compensation was paid for meetings of the Executive Committee. This Committee, which exercised to the extent permitted by Florida law all the powers of the Board of Directors during intervals between Board meetings, was disbanded in February 2005 and has been formally eliminated by the Board.

Investment Committee

The Investment Committee met four times during the fiscal year ended August 31, 2004. No compensation was paid for meetings of the Investment Committee. This Committee, whose responsibilities were to analyze business opportunities and to make recommendations to the full Board was recently eliminated by the Board.

Nominating and Governance Committee

The Nominating and Governance Committee, which is composed of three 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. This Committee, which until May 3, 2005 had been previously known only as the Nominating Committee, was originally formed June 4, 2004 and its charter did not originally include corporate governance oversight responsibilities. The Nominating Committee met only once during the fiscal year ended August 31, 2004. The Committee now operates pursuant to a Charter recently amended by the Board to expand the scope of responsibilities to include certain corporate governance matters and to change the Committee s name so as to adequately reflect its additional oversight duties. A copy of this amended charter is attached as Appendix B to this proxy statement 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). From February 21, 2005 until April 6, 2005, the Committee was composed of Gregory T. Mutz and Baxter Troutman. Mr. Troutman resigned from this Committee on April 6, 2005 and was replaced by Dr. Gordon Walker. Currently the members of the Nominating and Governance Committee are: Gregory T. Mutz, Charles Palmer and Dr. Gordon Walker, with Dr. Walker serving as Chairman of the Committee effective April 22, 2005. Mr. Mutz served as Chairman from February 21, 2005 through April 22, 2005.

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 reelection 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 paid $108,000 during the fiscal year ended August 31, 2004, to a third party in connection with the identification or evaluation of potential nominees.

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. The Nominating and Governance Committee will not consider other candidates when a qualified incumbent consents to stand for re- election. 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 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 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.

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 standing for re-election. Mr. Mutz was elected to the Board as an independent Director on February 21, 2005 Mr. Mutz who had served as an independent director on the Atlantic Blue Trust, Inc. board was suggested by John Alexander as a replacement independent director. Mr. Mutz resigned his position on the Atlantic Blue Trust board prior to accepting a position on the Alico, Inc. board. Upon his election Mr. Mutz joined the Committee as the Chairman.[1] Messrs. Dingle, Palmer and Walker and Ms. D An were recommended by the Committee and elected to the Board in April. Their names and candidacy were recommended to the Committee and to the full Board by C.W. Sweet, Incorporated a consulting firm hired by the Committee to assist them in finding replacement directors.

CORPORATE GOVERNANCE

Nominating and Governance Committee. The Board has recently adopted Corporate Governance Guidelines and expanded the scope of the Nominating Committee s functions to include matters of corporate governance. Accordingly, the Nominating Committee s charter has been amended and restated to include corporate governance responsibilities and the Committee has been renamed the Nominating and Governance Committee , effective May 3, 2005. A copy of the revised Nominating and Governance Committee Charter is attached as Appendix B to this proxy statement and is also posted on the Company s website at www.alicoinc.com.

Code of Ethics. On May 3, 2005 the Board of Directors amended the Company s Code of Business Conduct and Ethics, originally adopted during fiscal 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. 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. Please note that the Code of Ethics included as an Exhibit to the Company s Annual Report on Form 10-K for the year ended August 31, 2004 is the Code which had been originally adopted in 2003 and which was still in place as of the time of filing of the Company s 10-K.

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1 Although Mr. Alexander was a member of the ABT Board and the Alico Board at the time he nominated Mr. Mutz for consideration by the Alico Board, and although the Alico Board members who approved and voted to elect Mr. Mutz to the Board were all, with the exception of Dr. Lester, also members of the ABT Board at such time, Mr. Mutz s nomination did not come at the direction of the ABT Board and he is not considered a shareholder nominee .

COMPENSATION COMMITTEE REPORT

The Company s general compensation philosophy aims to provide base compensation comparable with similar Florida businesses, allowing the Company to attract and retain qualified employees. In addition, the Company provides incentive compensation through a bonus program, which is dependent on the individual s performance and which varies with the Company s performance. Accordingly, while the executive compensation program provides an overall level of compensation that is competitive within the Florida agribusiness industry, actual compensation levels in any given year may be greater or less than average competitive levels in comparable companies, depending on the Company s overall performance for such year and on the specific individual s performance or contribution to the Company. As additional incentive compensation, the Company adopted the 1998 Incentive Equity Plan, pursuant to which employees of the Company may be selected by the Board, in the Board s sole discretion, to receive stock options, restricted stock awards, or stock appreciation rights.

The Compensation Committee, comprised of independent directors from the Company s Board of Directors, reviews executive compensation and determines compensation levels which it then recommends to the Board of Directors. In determining the base compensation and any bonuses to be awarded to its executives, the Compensation Committee uses no set formula but rather evaluates a series of factors, including but not limited to (i) industry performance for such year, (ii) the Company s performance as compared to others in the industry that year, (iii) the Company s performance for such year as compared to the Company s performance with the previous year, and (iv) the individual s performance or contributions for such year as compared with such individual s performance or contributions the previous year, if applicable. In addition, the Compensation Committee will, in its discretion, evaluate other external and internal factors affecting performance, including individual circumstances.

The compensation of the Chief Executive Officer is established using the same criteria as set forth above generally for executive compensation. For fiscal 2004, the base salary of the persons serving as Chief Executive Officer was comparable to that of the previous year, with a bonus award reflecting the Company s performance vis a vis comparable businesses and such Chief Executive Officer s contribution to such performance. [1]In addition to the base salary and bonus, pursuant to the terms of the Company s 1998 Incentive Equity Plan, Mr. Griffin, who was then serving as Chief Executive Officer, received a grant of options to purchase 12,500 shares of the Company s common stock on September 9, 2003. The exercise price for these shares was based on 55% of the close of the market price of the Company s common stock on August 30, 2002. Mr. Griffin also received a grant of options to purchase 12,500 shares of the Company s common stock on February 3, 2004. The exercise price for these options was based on 55% of the close of the market price of the Company s common stock on February 3, 2004[2].Other Company employees received stock options as part of their compensation during fiscal year 2004 and each Company director received options to purchase 2,000 shares of the Company s common stock. Mr. John R. Alexander received no compensation and no stock options at his request during fiscal 2004 for his services as the Company s Chief Executive Officer, in which capacity he served for a period of four months[3].

Certain non-performance-based compensation to executives of public companies in excess of $1,000,000 is not deductible for tax purposes. It is the responsibility of the Compensation Committee to determine whether any actions with respect to this compensation limit should be taken by the Company. During fiscal year 2004 no executive officer of the Company received any compensation in excess of this limit nor is it anticipated that any executive officer will receive any such compensation during fiscal year 2005. Therefore, the Compensation Committee has not taken any action to date with respect to this limit.

COMPENSATION COMMITTEE FOR FISCAL YEAR ENDED AUGUST 30, 2004

Thomas E. Oakley, Chairman

Richard C. Ackert

William L. Barton

Larry A. Carter

Stephen M. Mulready

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1 Dr. Bernard Lester, who had been serving as President prior to being named Chief Executive Officer in July 2004, received an increase to his salary to reflect the additional responsibilities of the Chief Executive position, with his annual base salary being set at $300,000. Mr. Griffin s annual salary had been set at $330,000.

2 Dr. Lester also received a grant of options to purchase 12,500 shares of the Company s common stock on September 9, 2003 and a grant of options to purchase 8,060 shares of the Company s common stock on February 3, 2004, but as part of his compensation as President and not as Chief Executive Officer.

3 Mr. Alexander received regular Director fees for his service as Chairman of the Board during this time period. Mr. Alexander is now receiving an annual salary of $300,000 for his services as Chief Executive Officer, effective as of March 22, 2005.

EXECUTIVE OFFICERS

The following table sets forth certain information on each executive officer named in the Summary Compensation Table below who was not listed in the table for Nominees for Election as Directors, as well as any current executive officer who was not serving in such capacity as of the end of the last completed fiscal year and is thus omitted from the Summary Compensation Table:

Name	Position and Background with the Company
Ben Hill Griffin, III	Chief Executive Officer (1986 2004); President (1986 - 2003)
Frostproof, Florida	
W. Bernard Lester	