

LANDEC CORP \CA\  
Form DEF 14A  
September 05, 2014  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant To §240.14a-12

**LANDEC CORPORATION**

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(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

No fee required.

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

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

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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:

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Fee paid previously with preliminary materials.

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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:

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(4) Date filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON OCTOBER 9, 2014**

TO THE STOCKHOLDERS OF LANDEC CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Landec Corporation (the "Company") will be held on Thursday, October 9, 2014, at 1:30 p.m., local time, at Seaport Conference Center, 459 Seaport Court, Redwood City, CA 94063 for the following purposes:

1. To elect four directors to serve for a term expiring at the Annual Meeting of Stockholders held in the second year following the year of their election and until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2015;
3. To approve a non-binding advisory proposal on executive compensation; and
4. To transact such other business as may properly come before the meeting or any postponement or adjournment(s) thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on August 15, 2014, are entitled to notice of and to vote at the meeting and any adjournment(s) thereof.

All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to mark, sign, and date and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose or vote your shares by telephone or via the Internet.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Geoffrey P. Leonard

GEOFFREY P. LEONARD

*Secretary*

Menlo Park, California

September 8, 2014

**IMPORTANT**

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE OR VOTE YOUR SHARES BY TELEPHONE OR VIA THE INTERNET. IF A QUORUM IS NOT REACHED, THE COMPANY MAY HAVE THE ADDED EXPENSE OF RE-ISSUING THESE PROXY MATERIALS. IF YOU ATTEND THE MEETING AND SO DESIRE, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON. THANK YOU FOR ACTING PROMPTLY.

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**PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON OCTOBER 9, 2014**

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**INFORMATION CONCERNING SOLICITATION AND VOTING**

*General*

The enclosed proxy is solicited on behalf of the Board of Directors of Landec Corporation, a Delaware corporation (“*Landec*” or the “*Company*”), for use at the annual meeting of stockholders (the “*Annual Meeting*”) to be held on Thursday, October 9, 2014, at 1:30 p.m., local time, or at any postponement or adjournment thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at Seaport Conference Center, 459 Seaport Court, Redwood City, CA 94063. The telephone number at that location is (650) 482-3500.

The Company’s principal executive offices are located at 3603 Haven Avenue, Menlo Park, California 94025. The Company’s telephone number at that location is (650) 306-1650.

*Solicitation*

These proxy solicitation materials are to be mailed on or about September 8, 2014 to all stockholders entitled to vote at the meeting. The costs of soliciting these proxies will be borne by the Company. These costs will include the expenses of preparing and mailing proxy materials for the Annual Meeting and the reimbursement of brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of the Company’s common stock, par value \$0.001 per share (the “*Common Stock*”). The Company may conduct further solicitation personally, telephonically or by facsimile through its officers, directors and regular employees, none of whom will receive additional compensation for assisting with the solicitation.

**Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to Be Held on October 9, 2014.**

**This Proxy Statement and the Company's Annual Report to Stockholders are available at**

**<http://landec.com/proxy>**

You may also find a copy of this Proxy Statement and our Annual Report (with exhibits) on the SEC website at *http://www.sec.gov*. **We will, upon written request and without charge, send you additional copies of our Annual Report (without exhibits) and this Proxy Statement. To request additional copies, please send your request by mail to Gregory S. Skinner, Chief Financial Officer, Landec Corporation, 3603 Haven Avenue, Menlo Park, CA 94025 (telephone number: (650) 306-1650). Exhibits to the Annual Report may be obtained upon written request to Mr. Skinner and payment of the Company's reasonable expenses in furnishing such exhibits.**

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## **Voting Procedure**

### ***You may vote by mail.***

To vote by mail, please sign your proxy card and return it in the enclosed, prepaid and addressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

### ***You may vote in person at the Annual Meeting.***

We will pass out written ballots to anyone who wants to vote at the Annual Meeting. Holding shares in “street name” means your shares of stock are held in an account by your stockbroker, bank or other nominee, and the stock certificates and record ownership are not in your name. If your shares are held in “street name” and you wish to attend the Annual Meeting, you must notify your broker, bank or other nominee and obtain proper documentation to vote your shares at the Annual Meeting.

### ***You may vote by telephone or electronically.***

You may submit your proxy by following the Vote by Phone instructions accompanying the proxy card. Also, you may vote online by following the Vote by Internet instructions accompanying the proxy card.

### ***You may change your mind after you have returned your proxy card.***

If you change your mind after you return your proxy card or submit your proxy by telephone or Internet, you may revoke your proxy at any time before the polls close at the Annual Meeting. You may do this by:

signing and returning another proxy card with a later date, or

voting in person at the Annual Meeting.

## Voting

Holders of Common Stock are entitled to one vote per share.

Votes cast in person or by proxy at the Annual Meeting will be tabulated by the Inspector of Elections. The Inspector of Elections will also determine whether or not a quorum is present. A majority of the shares entitled to vote, represented either in person or by proxy, will constitute a quorum for the transaction of business. The Inspector of Elections will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

If a broker indicates on the enclosed proxy or its substitute that it has not received voting instructions with respect to shares held in “street name” with such broker and either (i) does not have discretionary authority as to certain shares to vote on a particular matter or (ii) has discretionary voting authority but nevertheless refrained from voting on the matter (“*broker non-votes*”), those shares will be counted for purposes of determining the presence of a quorum, but will not be considered as voting with respect to that matter.

*Proposal No. 1 – Election of directors:* Each director is elected by a majority of the votes cast with respect to such director. Any votes “withheld” for a particular director are effectively votes against that director. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have no effect on this vote.

*Proposal No. 2 – Ratification of independent registered public accounting firm:* This proposal must be approved by a majority of the shares present and voted on the proposal. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have no effect on this vote.

*Proposal No. 3 – Advisory (non-binding) vote on executive compensation:* This advisory proposal will be approved if a majority of the shares present and voted on the proposal are voted in favor of the resolution. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have no effect on this advisory vote.



Any proxy which is returned using the form of proxy enclosed and which is not marked as to a particular item will be voted FOR the election of the director nominees proposed by the Board of Directors; FOR the ratification of the appointment of Ernst & Young LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2015; FOR the advisory vote on executive compensation; and as the proxy holders deem advisable on other matters that may come before the meeting or any adjournment(s) thereof, as the case may be, with respect to the item not marked. Broker non-votes will not be considered as voting with respect to these matters.

### **Record Date and Share Ownership**

Only stockholders of record at the close of business on August 15, 2014, are entitled to notice of, and to vote at, the Annual Meeting. As of August 15, 2014, 26,841,722 shares of the Company's Common Stock were issued and outstanding.

### **Deadline for Receipt of Stockholder Proposals for the Company's Annual Meeting of Stockholders in 2015**

If any stockholder desires to present a stockholder proposal at the Company's 2015 Annual Meeting of Stockholders, such proposal must be received by the Secretary of the Company no later than May 11, 2015, in order that they may be considered for inclusion in the proxy statement and form of proxy relating to that meeting.

### ***Householding of Proxy Materials***

Some companies, brokers, banks, and other nominee record holders participate in a practice commonly known as "householding," where a single copy of our Proxy Statement and Annual Report is sent to one address for the benefit of two or more stockholders sharing that address. Householding is permitted under rules adopted by the SEC as a means of satisfying the delivery requirements for proxy statements and annual reports, potentially resulting in extra convenience for stockholders and cost savings for companies. We will promptly deliver a separate copy of either document to you if you contact our Chief Financial Officer at the address listed above or call us at (650) 306-1650. If you are receiving multiple copies of our Proxy Statement and Annual Report at your household and wish to receive only one, please notify your bank, broker, or other nominee record holder, or contact our Chief Financial Officer at the address listed above.

PROPOSAL NO. 1**ELECTION OF DIRECTORS****Nominees**

The Company's Bylaws currently provide for no fewer than six (6) and no more than ten (10) directors, and the Company's Certificate of Incorporation provides for the classification of the Board of Directors into two classes serving staggered terms. Each Class 1 and Class 2 director is elected for a two-year term, with the Class 1 directors elected in even numbered years (*e.g.*, 2014) and the Class 2 directors elected in odd numbered years (*e.g.*, 2015). Accordingly, at the Annual Meeting four (4) Class 1 directors will be elected.

The Board of Directors has nominated the persons named below to serve as Class 1 directors until the 2016 Annual Meeting, at which their successors will be elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's four (4) nominees named below, all of whom are presently directors of the Company. In the event that any nominee of the Company is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors to fill the vacancy. In the event that additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in such a manner as will assure the election of as many of the nominees listed below as possible, and, in such event, the specific nominees to be voted for will be determined by the proxy holders. Assuming a quorum is present, the four (4) nominees for director receiving at least a majority of votes cast at the Annual Meeting will be elected.

*Nominees for Class 1 Directors*

<u>Name of Director</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Gary T. Steele	65	President, Chief Executive Officer and Chairman of the Board of Directors of the Company	1991
Frederick Frank	82	Chairman, Burrill Securities	1999
Steven Goldby	74	Partner, Venrock	2008
Catherine A. Sohn	61	Retired Senior Executive Glaxo Smith Kline	2012

Except as set forth below, each of the Class 1 directors has been engaged in the principal occupation set forth next to his or her name above during the past five years. There is no family relationship between any director and executive officer of the Company.

Gary T. Steele has served as President, Chief Executive Officer and a director since September 1991 and as Chairman of the Board of Directors since January 1996. Mr. Steele has over 30 years of experience in the biotechnology, instrumentation and material science fields. From 1985 to 1991, Mr. Steele was President and Chief Executive Officer of Molecular Devices Corporation, a bioanalytical instrumentation company. From 1981 to 1985, Mr. Steele was Vice President, Product Development and Business Development at Genentech, Inc., a biomedical company focusing on pharmaceutical drug development. Mr. Steele has also worked with McKinsey & Company and Shell Oil Company. Mr. Steele received a B.S. from Georgia Institute of Technology and an M.B.A. from Stanford University.

Mr. Steele's significant knowledge and understanding of the Company and its businesses together with his extensive experience in the biotechnology field provide the Board of Directors with significant insight into the Company's businesses and operations.

On September 3, 2014, the Company announced that Mr. Steele had informed the Board of Directors of his intent to retire from the positions of President and Chief Executive Officer of the Company and Chairman of the Board of Directors at the end of fiscal year 2015. The Board of Directors has nominated Mr. Steele for re-election as a Class 1 director at the Annual Meeting and, if re-elected, Mr. Steele will continue to serve as Chairman of the Board of Directors until his anticipated retirement at the end of fiscal year 2015, and, thereafter, as a director of the Company. The Board of Directors believes that Mr. Steele's continued service as Chairman of the Board of Directors until his anticipated retirement is important for business continuity and to facilitate the transition in leadership once Mr. Steele's successor is identified. The Board of Directors has commenced a search to evaluate candidates to serve as Mr. Steele's successor as Chief Executive Officer of the Company.

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Frederick Frank has served as director since December 1999. Mr. Frank is Chairman of the Board of Burrill Securities, an investment banking and advisory firm. Prior to joining Burrill Securities, Mr. Frank was Vice Chairman of Peter J. Solomon Company ("Solomon"). Before joining Solomon, Mr. Frank was Vice Chairman of Lehman Brothers, Inc. ("Lehman") and Barclays Capital. Before joining Lehman as a Partner in October 1969, Mr. Frank was co-director of research, as well as Vice President and Director of Smith Barney & Co. Incorporated. During his over 50 years on Wall Street, Mr. Frank has been involved in numerous financings and merger and acquisition transactions. He serves as an advisor to the board of directors of PDL BioPharma, and was a director for the Institute for Systems Biology and Pharmaceutical Product Development, Inc. Mr. Frank is Chairman of the National Genetics Foundation and he serves on the Advisory Boards for Yale School of Organization and Management, the Massachusetts Institute of Technology Center of Biomedical Innovation and was formerly an Advisory Member of the Johns Hopkins Bloomberg School of Public Health, and the Harvard School of Public Health. He is a graduate of Yale University, received an M.B.A. from Stanford University and is a Chartered Financial Analyst.

Mr. Frank has over 50 years of capital markets experience and has been involved in numerous financings, commercial transactions and mergers and acquisitions. As such, Mr. Frank provides the Board of Directors with extensive experience and knowledge with respect to transactions and financings in the public company context and corporate governance experience based on his experience as a director of public and non-public companies.

Steven Goldby has served as a director since December 2008. Mr. Goldby has been a Partner at Venrock, a venture capital firm, since 2007. Mr. Goldby was Chairman and Chief Executive Officer of Symyx Technologies, Inc. ("Symyx") from 1998 to 2007; he became the Executive Chairman in 2008, and Chairman in 2009. Before joining Symyx, Mr. Goldby served as Chief Executive Officer for more than ten years at MDL Information Systems, Inc., the enterprise software company that pioneered scientific information management. Earlier, Mr. Goldby held various management positions at ALZA Corporation, including President of Alza Pharmaceuticals. Mr. Goldby received a B.S. degree in chemistry from the University of North Carolina and a law degree from Georgetown University Law Center.

Mr. Goldby's extensive experience with biotechnology companies provides the Board of Directors with significant understanding of the technology issues facing the Company.

Catherine A. Sohn has served as a director since November 2012. Dr. Sohn brings significant industry experience in pharmaceutical and health-related sectors based on her leadership and achievements in business development and new product development for 28 years at Glaxo Smith Kline ("GSK"). Most recently, Dr. Sohn was Senior Vice President of Worldwide Business Development and Strategic Alliance for GSK's \$8 billion consumer healthcare division. Early in her career, Dr. Sohn established the U.S. vaccine business unit for SmithKline Beecham Pharmaceuticals and she subsequently led the commercialization of Paxil, which became one of GSK's top five pharmaceutical products. Currently Dr. Sohn serves as president of Sohn Health Strategies, LLC, providing business development and new product marketing consultation to biotechnology, specialty pharmaceutical and healthcare companies. Dr. Sohn is a National Association of Corporate Directors ("NACD") Governance Fellow. She has demonstrated her commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors. She

supplements her skill sets through ongoing engagement with the director community and access to leading practices. Dr. Sohn received her Doctor of Pharmacy degree from University of California in San Francisco.

With over 30 years of experience in health-related sectors, Dr. Sohn provides the Board of Directors with significant expertise in business development and new product development within healthcare, which has a direct benefit to Landec's wholly-owned biomedical subsidiary, Lifecore Biomedical, Inc. ("*Lifecore*").

Director Stephen Halprin, a Class 1 director, will retire at the end of his term effective October 9, 2014 and, therefore, will not be standing for reelection at the Annual Meeting.

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***Class 2 Directors***

Directors continuing in office until the 2015 Annual Meeting of Stockholders are:

<b><u>Name of Director</u></b>	<b><u>Age</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Director Since</u></b>
Dean Hollis	54	Retired President and Chief Operating Officer, ConAgra Foods, Inc. Consumer Foods and International Division	2009
Robert Tobin	76	Retired Chief Executive Officer, Ahold, USA	2004
Nicholas Tompkins	59	Managing Member, NKT Commercial LLC, Chairman of the Board of Apio, Inc.	2003
Tonia Pankopf	46	Managing Partner, Pareto Advisors, LLC	2012
Albert D. Bolles	57	Executive Vice President and Chief Technical and Operations Officer, ConAgra Foods, Inc.	2014

Except as set forth below, each of the Class 2 directors has been engaged in the principal occupation set forth next to his or her name above during the past five years. There is no family relationship between any director and any executive officer of the Company.

Dean Hollis has served as a director since July 2009. Mr. Hollis was most recently President and Chief Operating Officer of the Consumer Foods and International Division of ConAgra Foods, Inc. ("***ConAgra***"), one of North America's largest packaged foods companies. Mr. Hollis had management responsibility for ConAgra's consumer and customer branded businesses consisting of over 40 global brands in 110 countries. During Mr. Hollis' 21 years with ConAgra, he had a broad array of responsibilities, including Executive Vice President, Retail Products; President, Frozen Foods; President, Grocery Foods; President, Specialty Foods; and President, Gilardi Foods. Currently, Mr. Hollis is a Senior Advisor for Oaktree Capital Management, L.P. ("***Oaktree***"). He is also the chairman of the board of directors for Advance Pierre Foods, an Oaktree portfolio company, and a member of the boards of directors of Boulder Brands, Inc. and Diamond Foods. Mr. Hollis is a graduate of Stetson University and he currently serves on its board.

With over 20 years of experience in the food industry, Mr. Hollis provides the Board of Directors with significant expertise in marketing and sales of packaged foods, overall strategy development for food products and in-depth general management expertise for investing in growth companies, which has a direct benefit to Landec's wholly-owned food subsidiary, Apio, Inc. ("***Apio***").

Robert Tobin has served as a director since December 2004. Mr. Tobin retired from his position as Chief Executive Officer of Ahold USA, a food retailer, in 2001. Mr. Tobin has over 40 years of industry experience in the food retail

and food service sectors, having served as Chairman and CEO of Stop and Shop Supermarkets. An industry leader, Mr. Tobin serves on the advisory boards of the College of Agriculture and Life Sciences and the Undergraduate Business Program at Cornell University where he received his B.S. in Agricultural Economics.

Mr. Tobin's experience as the chief executive officer of food retailers and his knowledge of the food retail and food service sectors provide the Board of Directors with significant expertise with respect to issues facing the Company's food business. In addition, Mr. Tobin's service on advisory boards provides the Board of Directors with knowledge of the scientific issues that face Apio.

Nicholas Tompkins has served as a director since October 2003. Mr. Tompkins has been the Chairman of the Board of Apio, since January 2008. Prior to becoming the Chairman of the Board of Apio, Mr. Tompkins was the Chief Executive Officer of Apio, a position he had held since Apio's inception in 1979. Landec acquired Apio in December 1999. Mr. Tompkins is also a current board member and past chairman of the Ag Business Advisory Council for California Polytechnic State University in San Luis Obispo, California. He was a member of the board of directors of the United Fresh Fruit and Vegetable Association through 2008 and was Chairman of that organization in 2005 and 2006. Mr. Tompkins received a B.S. in Agricultural Business from California State University, Fresno.

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Mr. Tompkins brings to the Board of Directors extensive experience in the area of agriculture. In addition, Mr. Tompkin's prior service as the Chief Executive Officer of Apio and as its current Chairman provides the Board of Directors with in-depth knowledge of the operations of Apio, a significant portion of the Company's business.

Tonia Pankopf has served as a director since November 2012. Ms. Pankopf has been managing partner of Pareto Advisors, LLC since 2005. Previously, she was a senior analyst and managing director at Palladio Capital Management from January 2004 through April 2005. From 2001 to 2003, Ms. Pankopf served as an analyst and portfolio manager with P.A.W. Capital Partners, LP. Ms. Pankopf was a senior analyst and vice president at Goldman, Sachs & Co. from 1999 to 2001 and at Merrill Lynch & Co. from 1998 to 1999. Ms. Pankopf serves on the Board of Directors of TICC Capital Corp. and served on the Board of the University System of Maryland Foundation from 2006 to 2012. Ms. Pankopf is a member of the NACD and has been designated an NACD Governance Fellow in recognition of her ongoing involvement in director professionalism and engagement with the director community. Ms. Pankopf received a Bachelor of Arts degree summa cum laude from the University of Maryland and an M.S. degree from the London School of Economics.

Ms. Pankopf's extensive experience in investment research and financial analysis and corporate governance provides the Board of Directors with valuable insights of an experienced investment manager and institutional shareholder as well as a diverse perspective.

Albert D. Bolles, Ph.D, has served as a director since May 2014. Dr. Bolles is currently the Executive Vice President and Chief Technical and Operations Officer of ConAgra. Dr. Bolles leads ConAgra's Research, Quality & Innovation and Supply Chain organizations. He joined ConAgra in 2006 as Executive Vice President, Research, Quality & Innovation. Under his leadership, the ConAgra's Research, Quality & Innovation team has brought to market highly successful products that have led to substantial business growth. Prior to joining ConAgra, Dr. Bolles led worldwide research and development for PepsiCo Beverages and Foods. Dr. Bolles serves on several professional advisory boards, including the Grocery Manufacturers Association (GMA) Scientific Regulatory Committee, and is currently the chairman of the Trout Council/Food Science program. He has a Ph.D. and master's degree in food science and a bachelor's degree in microbiology, all from Michigan State University. He holds several patents and has won numerous awards for his contributions to the world of food science.

Dr. Bolles is a preeminent leader in food science and provides the Board of Directors with valuable areas of expertise in new product development, innovation, quality, and supply chain in the packaged consumer food business.

## **Board of Directors Meetings and Committees**



The Board of Directors held a total of eight meetings during the fiscal year ended May 25, 2014. Each director attended at least 75% of all Board and applicable committee meetings during fiscal year 2014. The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which operates under a written charter approved by the Board of Directors. The charter for each of the committees is available on the Company's website (<http://landec.com>). It is our policy to encourage the members of the Board of Directors to attend the Company's annual meeting of stockholders. All directors on the Board of Directors at the time attended our 2013 Annual Meeting of Stockholders.

The Audit Committee currently consists of Mr. Halprin (Chairman), Mr. Goldby, Ms. Pankopf and Dr. Sohn, each of whom, in the determination of the Board of Directors, meets the independence requirements of the Securities and Exchange Commission (the "SEC") and The Nasdaq Stock Market, LLC ("NASDAQ"). Ms. Pankopf has been elected Chairperson of the Audit Committee effective immediately following the expiration of Mr. Halprin's term as a Class 1 director. The Audit Committee assists the Board of Directors in its oversight of Company affairs relating to the quality and integrity of the Company's financial statements, the qualifications and independence of the Company's independent registered public accounting firm, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's compliance with legal and regulatory requirements. The Audit Committee is responsible for appointing, compensating, retaining and overseeing the Company's independent registered public accounting firm, approving the services performed by the independent registered public accounting firm and reviewing and evaluating the Company's accounting principles and its system of internal accounting controls. Rules adopted by the SEC require us to disclose whether the Audit Committee includes at least one member who is an "audit committee financial expert," as that phrase is defined in SEC rules and regulations. The Board of Directors has determined that Mr. Halprin, Mr. Goldby and Ms. Pankopf are "audit committee financial experts" within the meaning of applicable SEC rules. The Audit Committee held four meetings during fiscal year 2014. Please see the section entitled "Audit Committee Report" for further matters related to the Audit Committee. The Board has adopted a written charter for the Audit Committee. The Audit Committee reviews the charter annually for changes, as appropriate.

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The Compensation Committee currently consists of Mr. Hollis (Chairman), Mr. Frank, Mr. Tobin and Dr. Sohn, each of whom, in the determination of the Board of Directors, meets the current independence requirements of the SEC and NASDAQ. The function of the Compensation Committee is to review and set the compensation of the Company's Chief Executive Officer and certain of the Company's most highly compensated officers, including salary, bonuses and other cash incentive awards, stock equity awards and other forms of compensation, to administer the Company's stock plans and approve stock equity awards, and to oversee the career development of senior management. The Compensation Committee held one meeting during fiscal year 2014. The Compensation Committee engaged a compensation consultant during fiscal year 2014 to advise on compensation matters with respect to fiscal year 2015. Please see the section entitled "Executive Compensation and Related Information" for further matters related to the Compensation Committee, including its report for the fiscal year ended May 25, 2014.

The Nominating and Corporate Governance Committee currently consists of Mr. Frank (Chairman), Mr. Tobin, Ms. Pankopf and Dr. Bolles each of whom, in the determination of the Board of Directors, meets the current independence requirements of the SEC and NASDAQ. The functions of the Nominating and Corporate Governance Committee are to recommend qualified candidates for election as officers and directors of the Company and oversee the Company's corporate governance policies. The Nominating and Corporate Governance Committee held one meeting during fiscal year 2014.

The Nominating and Corporate Governance Committee will consider director nominees proposed by current directors, officers, employees and stockholders. Any stockholder who wishes to recommend candidates for consideration by the Nominating and Corporate Governance Committee may do so by writing to the Secretary of the Company, Geoffrey P. Leonard of Ropes & Gray LLP, Three Embarcadero Center, San Francisco, CA 94111, and providing the candidate's name, biographical data and qualifications. The Company does not have a formal policy regarding the consideration of director candidates recommended by security holders. The Company believes this is appropriate because the Nominating and Corporate Governance Committee evaluates any such nominees based on the same criteria as all other director nominees. In selecting candidates for the Board of Directors, the Nominating and Corporate Governance Committee strives for a variety of experience and background that adds depth and breadth to the overall character of the Board of Directors. The Nominating and Corporate Governance Committee evaluates potential candidates using standards and qualifications such as the candidates' business experience, independence, diversity, skills and expertise to collectively establish a number of areas of core competency of the Board of Directors, including business judgment, management and industry knowledge. Although the Nominating and Corporate Governance Committee does not have a formal policy on diversity, it believes that diversity is an important consideration in the composition of the Board of Directors, and it seeks to include Board members with diverse backgrounds and experiences. Further criteria include a candidate's integrity and values, as well as the willingness to devote sufficient time to attend meetings and participate effectively on the Board of Directors and its committees.

## **Corporate Governance**

The Company provides information about its corporate governance policies, including the Company's Code of Ethics, and charters for the Audit, Nominating and Corporate Governance, and Compensation Committees of the Board of

Directors on the Corporate Governance page of its website. The website can be found at [www.landec.com](http://www.landec.com).

The Company's policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of NASDAQ and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

- A majority of the board members are independent;
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- All members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are independent;
- The independent members of the Board of Directors meet at each board meeting, and at least twice per year, in executive sessions without the presence of management, and the Board of Directors has designated a lead independent director who, among other duties, is responsible for presiding over executive sessions of the independent directors;
- The Company has an ethics hotline available to all employees, and the Audit Committee has procedures in place for the anonymous submission of employee complaints regarding accounting, internal controls, or auditing matters; and
- The Company has adopted a Code of Ethics that applies to all of its employees, including its principal executive officer and all members of its finance department, including the principal financial officer and principal accounting officer, as well as the Board of Directors. Any substantive amendments to the Code of Ethics or grant of any waiver, including any implicit waiver, from a provision of the Code of Ethics to the Company's principal executive officer, principal financial officer or principal accounting officer, will be disclosed either on the Company's website or in a report on Form 8-K.

Following a review of all relevant relationships and transactions between each director (including each director's family members) and the Company, the Board has determined that each member of the Board, other than Mr. Steele, is an independent director under applicable NASDAQ listing standards. Mr. Steele does not meet the independence standards because he was an employee of the Company during fiscal year 2014.

Mr. Halprin currently serves as the Company's lead independent director. Mr. Goldby has been elected lead independent director effective immediately following the expiration of Mr. Halprin's term as a Class 1 director.

### **Leadership Structure of the Board of Directors**

The Board of Directors believes that it is important to retain its flexibility to allocate the responsibilities of the positions of the Chairman of the Board (the "***Chairman***") and Chief Executive Officer in the way that it believes is in the best interests of the Company. The Board of Directors does not have a formal policy with respect to whether the Chief Executive Officer should also serve as Chairman. Rather, the Board of Directors makes this decision based on its evaluation of current circumstances and the specific needs of the Company at any time it is considering either or both roles.

After due consideration, the Board of Directors has concluded that combining the roles of Chairman and Chief Executive Officer is in the best interests of the Company at this time. The Board of Directors believes that the combination of the roles of Chairman and Chief Executive Officer promotes the Board of Directors and executive management's pursuit of the Company's business objectives because it allows our current Chief Executive Officer, who also possesses significant business and industry knowledge, to lead and speak on behalf of both the Company and the Board of Directors, while also providing for effective independent oversight by non-management directors through a lead independent director.

At each Board of Directors meeting, the lead independent director presides over an executive session of the non-management directors without the presence of management. The lead independent director also may call additional meetings of the non-management directors as he deems necessary; serves as a liaison between the Chairman and the non-management directors; advises the Chairman of the informational needs of the Board of Directors and approves information sent to the Board of Directors; and is available for consultation and communication if requested by major stockholders.

The Board of Directors also adheres to sound corporate governance practices, as reflected in the Company's corporate governance policies, which the Board of Directors believes has promoted, and continues to promote, the effective and independent exercise of Board leadership for the Company and its stockholders.

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## **Stockholder Communications**

Our Board of Directors welcomes communications from our stockholders. Stockholders and other interested parties may send communications to the Board of Directors, or the independent directors as a group, or to any director in particular or the lead independent director, c/o Gregory S. Skinner, Chief Financial Officer, Landec Corporation, 3603 Haven Avenue, Menlo Park, CA 94025. Any correspondence addressed to the Board of Directors or to any one of our directors in care of Mr. Skinner will be promptly forwarded to the addressee. The independent directors review and approve the stockholder communication process periodically to ensure effective communication with stockholders.

## **Oversight of Risk Management**

The Board of Directors' role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. Our Audit Committee oversees management of financial risk exposures, including the integrity of our accounting and financial reporting processes and controls. As part of this responsibility, the Audit Committee meets periodically with the Company's independent registered public accounting firm, our internal auditor and our financial and accounting personnel to discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Additionally, the Audit Committee reviews significant findings prepared by the Company's independent registered public accounting firm and our internal auditor, together with management's response. Our Nominating and Corporate Governance Committee has responsibility for matters relating to corporate governance. As such, the charter for our Nominating and Corporate Governance Committee provides for the committee to periodically review and discuss our corporate governance guidelines and policies.

Our management also reviewed with our Compensation Committee the compensation policies and practices of the Company that could have a material impact on the Company. Our management review considered whether any of these policies and practices may encourage inappropriate risk-taking, whether any policy or practice may give rise to risks that are reasonably likely to have a material adverse effect on the Company, and whether it would recommend any changes to the Company's compensation policies and practices. Management also reviewed with the Board of Directors risk-mitigating controls such as the degree of committee and senior management oversight of each compensation program and the level and design of internal controls over such programs. Based on these reviews, the Board of Directors determined that risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

The Board of Directors has adopted an executive compensation clawback policy, which provides for recoupment of executive incentive compensation in the event of certain restatements of financial results of the Company. Under the policy, in the event of a substantial restatement of the Company's financial results due to material noncompliance with financial reporting requirements, if the Board of Directors determines in good faith that any portion of a current or former executive officer's incentive compensation was paid as a result of such noncompliance, then the Company may

recover that portion of such compensation that was based on the erroneous financial data.

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## Compensation of Directors

The following table sets forth compensation information for the fiscal year ended May 25, 2014, for each member of our Board of Directors who was not an executive officer during fiscal year 2014. The Chief Executive Officer, Gary T. Steele, who serves on our Board of Directors, does not receive additional compensation for serving on the Board of Directors. See “Summary Compensation Table” for disclosure related to Mr. Steele.

Name	Fee Earned or Paid  in Cash (3)	Stock Awards (1)	Option Awards	Total
Albert D. Bolles, Ph.D. (2)	\$—	\$—	\$	—\$—
Frederick Frank	\$57,500	\$50,000	\$	—\$107,500
Steven Goldby	\$50,000	\$50,000	\$	—\$100,000
Stephen Halprin	\$85,000	\$50,000	\$	—\$135,000
Dean Hollis	\$55,000	\$50,000	\$	—\$105,000
Tonia Pankopf	\$52,917	\$50,000	\$	—\$102,917
Catherine A. Sohn	\$46,458	\$50,000	\$	—\$96,458
Robert Tobin	\$52,500	\$50,000	\$	—\$102,500
Nicholas Tompkins	\$40,000	\$50,000	\$	—\$90,000

The amounts shown in the Stock Awards column do not reflect compensation actually received by a director.

(1) Instead, the amounts shown are the aggregate grant date value, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Options, of awards granted in fiscal year 2014.

(2) Dr. Bolles became a member of our Board of Directors late in fiscal year 2014 and did not receive any fees during that fiscal year.

(3) Includes amounts (if any) deferred pursuant to the Company's Nonqualified Deferred Compensation Plan, the terms of which are described under “Nonqualified Deferred Compensation Plan” below.

At May 25, 2014, the aggregate number of stock awards and option awards outstanding was: Dr. Bolles – 0 shares; Mr. Frank – 43,496 shares; Mr. Goldby – 33,496 shares; Mr. Halprin – 53,496 shares; Mr. Hollis – 28,496 shares; Ms. Pankopf – 16,829 shares; Dr. Sohn – 16,829 shares; Mr. Tobin – 63,496 shares; and Mr. Tompkins – 28,496 shares.



The Compensation Committee engaged Fredrick W. Cook and Co., Inc ("**Cook**"), a compensation consulting firm, during fiscal year 2013 to advise the Compensation Committee on director compensation. Based on the recommendations of Cook, director cash and equity compensation was changed in fiscal year 2014. For fiscal year 2014, each non-employee director earned \$40,000 per year as a retainer for service as a member of our Board of Directors. The Compensation Committee eliminated the practice of earning additional compensation for attending a Board or Committee meeting in person or by telephone. In addition, each director who served on the Audit Committee received an annual retainer of \$10,000, with the Chairman of the Audit Committee receiving an annual retainer of \$20,000. Each director who served on the Compensation Committee received an annual retainer of \$7,500, with the Chairman of the Compensation Committee receiving \$15,000. Each director who served on the Nominating and Corporate Governance Committee received an annual retainer of \$5,000, with the Chairman of the Nominating and Corporate Governance Committee receiving \$10,000. The lead independent director received an annual retainer of \$25,000. Consistent with the general industry trend toward fixed-value restricted stock unit (an "**RSU**") awards, it was recommended by Cook that each non-employee director should receive an RSU award each year with a face value of \$50,000, based on the fair market value of the Company's Common Stock on the date of the grant, vesting on the first anniversary of the grant. The first grant to non-employee directors under the new arrangement occurred on June 7, 2013.

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In addition to cash fees, each director is reimbursed for reasonable out-of-pocket expenses incurred by a director to attend Board meetings, committee meetings or stockholder meetings in his or her capacity as a director.

***Required Vote***

The election of each of the four (4) Class 1 director nominees requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock present at the Annual Meeting in person or by proxy and voted with respect to such director. This means that in order for a director to be elected, the number of shares voted "FOR" a director must exceed the number of votes cast against that director. As such, a "WITHHOLD" vote is effectively a vote against a director.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE.**

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**PROPOSAL NO. 2****RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed the firm of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending May 31, 2015, and recommends that the stockholders vote for ratification of this appointment. In the event the stockholders do not ratify such appointment, the Audit Committee may reconsider its selection. Ernst & Young LLP has audited the Company's financial statements since the fiscal year ending October 31, 1994. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

**Fees Paid to Independent Registered Public Accounting Firm**

The following table presents the aggregate fees billed to the Company for professional services rendered by Ernst & Young LLP for the fiscal years ended May 25, 2014 and May 26, 2013.

Fee Category	Fiscal Year	Fiscal Year
	2014	2013
Audit Fees	\$1,343,000	\$1,208,000
Audit-Related Fees(1)	12,000	11,000
Tax Fees	—	—
All Other Fees	—	—
Total	\$1,355,000	\$1,219,000

(1) Audit-related fees were for agreed upon procedures work performed by Ernst & Young LLP related to the Company's loans from General Electric Capital Corporation.

Audit Fees were for professional services rendered for the integrated audit of the Company's annual financial statements and internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, for the review of the Company's interim financial statements included in the Company's Quarterly Reports on Form 10-Q, and for assistance with and review of documents filed by the Company with the SEC.

*Audit Committee Pre-Approval Policies*

The Audit Committee pre-approves all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Company's independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with such pre-approval, and the fees for the services performed to date. The Audit Committee, or its designee, may also pre-approve particular services on a case-by-case basis.

*Required Vote*

The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock present at the Annual Meeting in person or by proxy and voted.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MAY 31, 2015.**

### PROPOSAL NO. 3

#### NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Compensation Discussion and Analysis beginning on page 24 of this Proxy Statement describes the Company's executive compensation program and the compensation decisions that the Compensation Committee and Board of Directors made in fiscal year 2014 with respect to the compensation of our named executive officers. The Board of Directors is asking stockholders to cast a non-binding, advisory vote **FOR** the following resolution:

“RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED on an advisory basis.”

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 24 of this Proxy Statement, as well as the 2014 Summary Compensation Table and related compensation tables, appearing on pages 31 through 34, which provide detailed information on the Company's compensation policies and practices.

As we describe in the Compensation Discussion and Analysis, our executive compensation program is designed to attract, reward and retain talented officers and embodies a pay-for-performance philosophy that supports Landec's business strategy and aligns the interests of our executives with our stockholders. Specifically, executive compensation is allocated among base salaries and short- and long-term incentive compensation. The base salaries are fixed in order to provide the executives with a stable cash income, which allows them to focus on the Company's strategies and objectives as a whole, while the short- and long-term incentive compensation are designed to both reward the named executive officers based on the Company's overall performance and align the named executive officers' interests with those of our stockholders. Our annual cash incentive award program is intended to encourage our named executive officers to focus on specific short-term goals important to our success. Our executive officers' cash incentive awards are determined based on objective performance criteria. The awards payable under our annual cash incentive award program are subject to a maximum payout, which limits the overall payout potential. The Company's current practice is to grant our named executive officers both options and restricted stock units. This mixture is designed to provide a balance between the goals of increasing the price of our Common Stock and aligning the interests of our executive officers with those of our stockholders (as stock options only have value if the stock price increases after the option is granted) and encouraging retention of our executive officers. Because grants are generally subject to vesting schedules, they help ensure that executives always have significant value tied to long-term stock price performance.

For these reasons, the Board of Directors is asking stockholders to support this proposal. Although the vote we are asking you to cast is non-binding, the Compensation Committee and the Board of Directors value the views of our stockholders and will consider the outcome of the vote when determining future compensation arrangements for our named executive officers.

At the 2013 annual meeting of stockholders, 98.4% of votes cast expressed support for our compensation policies and practices, and we believe our program continues to be effective.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF THE ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION.**

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**Equity Compensation Plan Information**

The following table summarizes information with respect to options and other equity awards under Landec's equity compensation plans as of May 25, 2014:

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon Exercise  of Outstanding Options, Warrants and Rights (1)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (2)</b>	<b>Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>	
Equity compensation plans approved by security holders	1,202,860	\$ 8.46	2,000,000	(3)
Equity compensation plans not approved by security holders	13,000	(4) \$ 7.50	0	
Total	1,215,860	\$ 8.45	2,000,000	

(1) Includes only options outstanding under Landec's equity compensation plans, as no stock warrants or other rights were outstanding as of May 25, 2014.

(2) The weighted average exercise price of outstanding options, warrants and rights does not take restricted stock units into account as restricted stock units have no purchase price.

(3) Represents shares remaining for issuance pursuant to the 2013 Stock Incentive Plan.

(4) Represents shares remaining for issuance upon exercise of options that are outstanding under the 1996 Non-Executive Stock Option Plan, which has been terminated, and no future awards will be made pursuant to such plan. A description of this plan is set forth under Note 8 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for fiscal year 2014.

***The 2013 Stock Incentive Plan***

The 2013 Stock Incentive Plan (the “***2013 Plan***”), which was approved by stockholders, authorizes the grant of equity awards, including stock options, restricted stock and restricted stock units to employees, including officers and directors, outside consultants and non-employee directors of the Company. 2,000,000 shares are authorized to be issued under this plan. The exercise price of stock options to be granted under the 2013 Plan will be the fair market value of the Company’s Common Stock on the date the options are granted. Options to be granted under the 2013 Plan will generally be exercisable upon vesting and will generally vest ratably over three years.

***The 2009 Stock Incentive Plan***

The 2009 Stock Incentive Plan (the “***2009 Plan***”), which was approved by stockholders and has been terminated, authorized the grant of equity awards, including stock options, restricted stock and restricted stock units to employees, including officers and directors, outside consultants and non-employee directors of the Company. 1,900,000 shares were authorized to be issued under this plan. The exercise price of stock options granted under the 2009 Plan was the fair market value of the Company’s Common Stock on the date the options were granted. Options granted under the 2009 Plan were exercisable upon vesting and generally vested ratably over three years. No further awards will be made pursuant to the 2009 Plan.

***The 2005 Stock Incentive Plan***

The 2005 Stock Incentive Plan, which was approved by stockholders and has been terminated, authorized the grant of equity awards, including stock options, restricted stock units and restricted stock to employees, including officers and directors, outside consultants and non-employee directors of the Company. 861,038 shares were authorized to be issued under this plan. The exercise price of stock options granted under this plan was the fair market value of the Company’s Common Stock on the date the options were granted. Options generally were exercisable upon vesting and generally vested ratably over three years. No future awards will be made pursuant to this plan.

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### *The 1996 Non-Executive Stock Option Plan*

The 1996 Non-Executive Stock Option Plan authorized the grant of non-qualified stock options to employees, including officers, and outside consultants of the Company. The plan was not approved by the Company's stockholders. As amended in 1999, 1,500,000 shares were authorized to be issued under this plan. The exercise price of the options was equal to the fair market value of the Company's Common Stock on the date the options were granted. Options were exercisable upon vesting and generally vested ratably over four years. The 1996 Non-Executive Stock Option Plan has been terminated, and no future awards will be made pursuant to such plan.

### **AUDIT COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act.*

#### *Composition*

The Audit Committee of the Board of Directors consists of the four directors whose names appear below and operates under a written charter adopted by the Board of Directors. Each member of the Audit Committee meets the independence and financial experience requirements of NASDAQ and the SEC currently in effect. In addition, the Board of Directors has determined that each of Mr. Halprin, Mr. Goldby and Ms. Pankopf is an audit committee financial expert, as defined by the rules and regulations of the SEC.

#### *Responsibilities*

The responsibilities of the Audit Committee include appointing an independent registered public accounting firm and assisting the Board of Director's oversight of the preparation of the Company's financial statements. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon.

Management is responsible for the Company's internal controls and financial reporting process. The Audit Committee's responsibility is to oversee these processes and the Company's internal controls. The Audit Committee members are not acting as professional accountants or auditors, and their functions are not to duplicate or to certify the activities of management and the independent registered public accounting firm.

***Review with Management and Independent Auditors***

The Audit Committee held four meetings during fiscal year 2014. The Audit Committee met and held discussions with management and representatives of the Company's independent registered public accounting firm, Ernst & Young LLP. Management represented to the Audit Committee that the Company's consolidated financial statements for the fiscal year ended May 25, 2014 were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements for the fiscal year ended May 25, 2014 with management and the Company's independent registered public accounting firm.

The Audit Committee met with the Company's independent registered public accounting firm, with and without management present, to discuss the overall scope and plans for their audit, the results of their examination, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards ("**SAS**") No. 114, *The Auditor's Communication with Those Charged with Governance*, as adopted by the Public Company Accounting Oversight Board ("**PCAOB**") in Rule 3200T, which supersedes SAS No. 61, as amended, including the judgment of the independent registered public accounting firm as to the quality of the Company's accounting principles.

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The Audit Committee also received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and the Audit Committee discussed the independence of Ernst & Young LLP with that firm. The Audit Committee has considered the compatibility of non-audit services with the auditors' independence.

***Summary***

Based upon the Audit Committee's discussions with management and the Company's independent registered public accounting firm, the Audit Committee's review of the representations of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended May 25, 2014, as filed with the SEC.

This report is submitted by the Audit Committee.

Stephen Halprin (Chairman)

Steven Goldby

Tonia Pankopf

Catherine A. Sohn

## **EXECUTIVE OFFICERS OF THE COMPANY**

The following sets forth certain information with regard to each named executive officer and each current executive officer of the Company. Ages are as of August 15, 2014.

Gary T. Steele (age 65) has been President, Chief Executive Officer and a director of the Company since 1991 and Chairman of the Board of Directors since January 1996. Mr. Steele has over 30 years of experience in the biotechnology, instrumentation and material science fields. From 1985 to 1991, Mr. Steele was President and Chief Executive Officer of Molecular Devices Corporation, a bioanalytical instrumentation company. From 1981 to 1985, Mr. Steele was Vice President, Product Development and Business Development at Genentech, Inc., a biomedical company focusing on pharmaceutical drug development. Mr. Steele has also worked with McKinsey & Company and Shell Oil Company. On September 3, 2014, the Company announced that Mr. Steele had informed the Board of Directors of his intent to retire from the positions of President and Chief Executive Officer of the Company and Chairman of the Board of Directors at the end of fiscal year 2015. The Board of Directors has commenced a search to evaluate candidates to serve as Mr. Steele's successor as Chief Executive Officer of the Company.

Gregory S. Skinner (age 53) has been Chief Financial Officer and Vice President of Finance of the Company since November 1999 and Vice President of Administration since November 2000. From May 1996 to October 1999, Mr. Skinner served as Controller of the Company. From 1994 to 1996, Mr. Skinner was Controller of DNA Plant Technology and from 1988 to 1994 he was with Litton Electron Devices. Prior to joining Litton Electron Devices, Mr. Skinner was with Litton Industries, Inc. and Arthur Anderson & Company.

Molly A. Hemmeter (age 47) has been Chief Operating Officer since January 2014. Prior to that she served as Chief Commercial Officer of the Company from December 2010 to January 2014 and Vice President, Business Development and Global Marketing of the Company from June 2009 to December 2010. From July 2006 until joining the Company in June 2009, Ms. Hemmeter was Vice President of Global Marketing and New Business Development for the Performance Materials division of Ashland, Inc., a global specialty chemicals company. Prior to joining Ashland, Inc., Ms. Hemmeter was Vice President of Strategy and Marketing for Siterra Corporation in San Francisco, a privately held company delivering on-demand software for managing real estate asset portfolios.

Ronald L. Midyett (age 48) has been President and Chief Executive Officer of Apio since January 2008, and a Vice President of the Company since February 2008. Mr. Midyett joined Apio in May 2005 as Chief Operating Officer. Prior to joining Apio, Mr. Midyett was Senior Vice President of Operations for Dole Fresh Vegetables. Mr. Midyett has over 20 years of technology and operations experience in the produce industry. Mr. Midyett was chairman of the board of directors of the United Fresh Fruit and Vegetable Association from April 2013 through April 2014 and is currently a member of its executive committee. Mr. Midyett is currently a director of Windset Holdings 2010 Ltd., a privately held Canadian corporation.

Larry D. Hiebert (age 58) has been President of Lifecore since June 2013. Mr. Hiebert served as Lifecore's Vice President and General Manager from July 2006 to June 2013. Prior to that he was Lifecore's Vice President of Operations from March 2004 to June 2006 and Director of Operations from March 1997 to March 2004, and held various Manufacturing and Materials Management positions within Lifecore from October 1983 to March 1997. Mr. Hiebert has over 30 years of operational experience in the biomaterials industry.

Steven P. Bitler, Ph.D. (age 56) has been Vice President, Corporate Technology of the Company since March 2002. From 1988 until March 2002, Dr. Bitler held various positions with the Company related to the Company's polymer product development and thermal switch products. Prior to joining the Company, Dr. Bitler developed new high strength polymeric materials at SRI International.

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**COMMON STOCK OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of the Company's Common Stock as of August 15, 2014 as to (i) each person who is known by the Company to beneficially own more than five percent of any class of the Company's voting stock, (ii) each of the Company's directors, (iii) each of the executive officers named in the Summary Compensation Table of this proxy statement (the "Named Executive Officers"), and (iv) all directors and executive officers as a group. The business address of each director and executive officer named below is c/o Landec Corporation, 3603 Haven Avenue, Menlo Park, CA 94025.

NAME	SHARES BENEFICIALLY OWNED (1)		PERCENT OF TOTAL(2)
	NUMBER OF SHARES	OF COMMON STOCK	
<u>5% Stockholders</u>			
Security Investors, LLC One Security Benefit Place Topeka, KS 66636	2,632,961 (3)		9.53 %
Ariel Investments LLC 200 E. Randolph Street, Suite 2700 Chicago, IL 60601	2,405,127 (4)		8.96 %
Dimensional Fund Advisors, L.P. 6300 Bee Cave Road, Building One Austin, TX 78746	2,127,378 (5)		7.93 %
Opus Capital Group LLC 221 E. Fourth Street, Suite 2700 Cincinnati, OH 45202	1,949,180 (6)		7.26 %
Wynnefield Capital, Inc 450 Seventh Ave, #509 New York, NY 10123	1,714,400 (7)		6.39 %

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BlackRock, Inc 40 E. 52 <sup>nd</sup> Street New York, NY 10022	1,671,472(8)	6.23	%
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Executive Officers and Directors

Gary T. Steele President and Chief Executive Officer and Chairman of the Board of Directors	199,676 (9)	*	
Gregory S. Skinner Chief Financial Officer and Vice President of Finance & Administration	350,057 (10)	1.30	%
Molly A. Hemmeter Chief Operating Officer	88,332 (11)	*	
Ronald L. Midyett President and Chief Executive Officer of Apio, Inc and Vice President of Landec	188,704 (12)	*	

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SHARES  
BENEFICIALLY  
OWNED (1)

NAME	NUMBER	PERCENT	
	OF SHARES	OF TOTAL(2)	
	OF COMMON STOCK		
Larry D. Hiebert President of Lifecore Biomedical, Inc. and Vice President of Landec	16,801	(13)	*
Albert D. Bolles, Ph.D., Director	--		*
Frederick Frank, Director	139,596	(14)	*
Steven Goldby, Director	43,497	(15)	*
Stephen Halprin, Director	126,183	(16)	*
Dean Hollis, Director	36,830	(17)	*
Tonia Pankopf, Director	9,884	(18)	*
Catherine A. Sohn, Director	9,884	(19)	*
Robert Tobin, Director	72,008	(20)	*
Nicholas Tompkins, Director	54,167	(21)	*
All directors and executive officers as a group (15 persons)	1,433,286(22)	5.19	%

\* Less than 1%



- (1) Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of capital stock.

- (2) As of August 15, 2014, 26,841,722 shares of Common Stock were issued and outstanding. Percentages are calculated with respect to a holder of options exercisable within 60 days after August 15, 2014 as if such holder had exercised his options. Option shares held by other holders are not included in the percentage calculation with respect to any other holder.

- (3) This information is based on a Form 13F filed by Guggenheim Capital with the SEC showing such beneficial owner's holdings as of June 30, 2014.

- (4) This information is based on a Form 13F filed by Ariel Investments LLC with the SEC showing such beneficial owner's holdings as of June 30, 2014.

- (5) This information is based on a Form 13F filed by Dimensional Fund Advisors, L.P. with the SEC showing such beneficial owner's holdings as of June 30, 2014.

- (6) This information is based on a Form 13F filed by Opus Capital Group LLC with the SEC showing such beneficial owner's holdings as of June 30, 2014.
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(7) This information is based on a Form 13F filed by Wynnefield Capital, Inc with the SEC showing its holdings as of June 30, 2014.

(8) This information is based on a Form 13F filed by the five institutions: BlackRock Institutional Trust Company, N.A.; BlackRock Fund Advisors; BlackRock Advisors, LLC; BlackRock Investment Management, LLC; and BlackRock Asset Management Canada Limited under the parent company BlackRock, Inc with the SEC showing its holdings as of June 30, 2014.

(9) This number includes 67,176 shares held in trust of which Mr. Steele is a beneficial owner. This number also includes 132,500 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(10) This number includes 217,224 shares held in trust of which Mr. Skinner is a beneficial owner. This number includes 132,833 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(11) This number includes 88,332 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(12) This number includes 132,832 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(13) This number includes 10,500 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(14) This number includes 35,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(15) This number includes 30,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(16) This number includes 81,183 shares held in a trust of which Mr. Halprin is a beneficial owner. This number also includes 45,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(17) This number includes 25,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(18) This number includes 6,388 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(19) This number includes 6,388 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(20) This number includes 55,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(21) This number includes 29,167 shares held in trust of which Mr. Tompkins is a beneficial owner. This number also includes 25,000 shares subject to outstanding stock options exercisable within 60 days after August 15, 2014.

(22) This number includes an aggregate of 771,995 shares held by officers and directors that are subject to outstanding stock options exercisable within 60 days after August 15, 2014.

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## EXECUTIVE COMPENSATION AND RELATED INFORMATION

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“**CD&A**”) section discusses the compensation programs and policies for our Named Executive Officers. The CD&A also provides an overview of the Compensation Committee’s role in the design and administration of these programs and policies, and its role in making specific compensation decisions for our Named Executive Officers. Our Named Executive Officers for fiscal year 2014 were Gary T. Steele, President and Chief Executive Officer and Chairman of the Board, Gregory S. Skinner, Vice President of Finance and Administration and Chief Financial Officer, Molly Hemmeter, Chief Operating Officer, Ronald Midyett, President and Chief Executive Officer of Apio, Inc. (“**Apio**”) and Larry Hiebert, President of Lifecore Biomedical, Inc. (“**Lifecore**”).

### *Overview of Compensation Program and Philosophy*

Landec’s compensation program is intended to meet three principal objectives: (1) attract, reward and retain officers and other key employees; (2) motivate these individuals to achieve the Company’s short-term and long-term corporate goals; and (3) align the interests of our executives with those of our stockholders.

The compensation program is designed to balance an executive’s achievements in managing the day-to-day business and addressing shorter-term challenges facing the Company or its subsidiaries, such as the effects of weather-related disruptions and competitive pressures, with incentives to achieve our long-term vision to be the innovative leader in our food products technology and hyaluronan-based biomaterials businesses.

The above policies guide the Compensation Committee (the “**Committee**”) in assessing the proper allocation among long-term compensation, current cash compensation and short-term bonus compensation. Other considerations include Landec’s business objectives, its fiduciary and corporate responsibilities (including internal equity considerations and affordability), competitive practices and trends, and regulatory requirements.

### *Establishing Executive Compensation*

Landec’s executive compensation program is overseen and administered by the Committee, which is comprised entirely of independent directors as determined in accordance with applicable NASDAQ, SEC and Internal Revenue

Code rules. The Committee operates under a written charter adopted by our Board of Directors. A copy of the Committee's charter is available at [www.landec.com](http://www.landec.com).

In determining the particular elements of compensation that are used to implement Landec's overall compensation policies, the Committee takes into consideration a number of objective factors related to Landec's performance, such as Landec's earnings per share, profitability, revenue growth and business-unit-specific operational and financial performance, as well as the competitive practices among our peer group. The Committee evaluates the Company's financial and strategic performance in the context of determining compensation as well as the individual performance of each Named Executive Officer.

During fiscal year 2014, the Committee engaged Board Advisory, LLC (the "**Consultant**"), an independent compensation consulting firm, to advise the Committee on ways to strengthen the peer group to better reflect Landec's current diverse business, conduct an assessment of total direct compensation levels and assess the current incentive plans for executive compensation. The Committee used information provided by the Consultant as a reference to assist in determining the compensation levels for the Named Executive Officers. Based on the Consultant's recommendations, the Committee modified the peer group for fiscal year 2014 and modified executive compensation levels for fiscal year 2015.

The Committee meets regularly to review overall executive compensation. The Committee also meets with Landec's President and Chief Executive Officer, Mr. Steele, and other executives to obtain recommendations with respect to Company compensation programs, practices and packages for executives, other employees and directors. The CEO makes recommendations to the Committee on the base salary, bonus targets and equity compensation for the executive team and other employees, but not for himself. The Committee, however, has the ultimate responsibility for determining executive compensation, which is recommended to the Board of Directors for its final approval.

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