

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

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

No fee required.

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

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing party:

(4) Date filed:

**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.

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

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.**

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.

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.

Class 2 Directors

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

<u>Name of Director</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
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.

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.

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.

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.

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.

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
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