

LANDEC CORP \CA\
Form DEF 14A
August 25, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

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 Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 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 transactions 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:

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o 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 14, 2010

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 14, 2010, at 1:30 p.m., local time, at Pacific Athletic Club, 200 Redwood Shores Parkway, Redwood City, CA 94065 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 29, 2011; and
3. 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 16, 2010, 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
August 25, 2010

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 14, 2010

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The enclosed proxy is solicited on behalf of the Board of Directors of Landec Corporation (“Landec” or the “Company”), a Delaware corporation, for use at the annual meeting of stockholders (the “Annual Meeting”) to be held on Thursday, October 14, 2010, at 1:30 p.m., local time, or at any postponement or adjournment(s) thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at Pacific Athletic Club, 200 Redwood Shores Parkway, Redwood City, CA 94065. The telephone number at that location is (650) 593-1112.

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 15, 2010, 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. 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 14, 2010.

This Proxy Statement and the Company’s Annual Report to stockholders are available at <http://phx.corporate-ir.net/phoenix.zhtml?c=65846&p=irol-reportsAnnual>.

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. If you have Internet access, you may submit your proxy from any location in the world 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 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 affirmative vote of a majority of shares represented and voting at a duly held meeting at which a quorum is present is required for approval of proposals presented to stockholders.

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 and in determining the approval of any matter submitted to stockholders for a vote. Accordingly, abstentions will have the same effect as a vote against a proposal.

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 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 29, 2011, 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. If a broker indicates on the enclosed proxy or its substitute that it does not have discretionary authority as to certain shares to vote on a particular 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.

Record Date and Share Ownership

Only stockholders of record at the close of business on August 16, 2010, are entitled to notice of, and to vote at, the Annual Meeting. As of August 16, 2010, 26,507,778 shares of the Company's Common Stock, par value \$0.001 per share, were issued and outstanding.

Deadline for Receipt of Stockholder Proposals for the Company's Annual Meeting of Stockholders in 2011

If any stockholder desires to present a stockholder proposal at the Company's 2011 Annual Meeting of Stockholders, such proposal must be received by the Secretary of the Company no later than May 18, 2011, in order that they may be considered for inclusion in the proxy statement and form of proxy relating to that meeting.

Also, if a stockholder does not notify the Company on or before August 1, 2011, of a proposal for the 2011 Annual Meeting of Stockholders, management intends to use its discretionary voting authority to vote on such proposal, even if the matter is not discussed in the proxy statement for the 2011 Annual Meeting of Stockholders.

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 not less than five (5) nor more than nine (9) directors, with the exact number fixed at nine (9), and the Company's Certificate of Incorporation provide for the classification of the Board of Directors into two classes serving staggered terms. The Company's Board of Directors currently consists of nine persons, including four Class 1 directors and five Class 2 directors. Each Class 1 and Class 2 director is elected for a two year term, with Class 1 directors elected in even numbered years (e.g., 2010) and the Class 2 directors elected in odd numbered years (e.g., 2011). Accordingly, at the Annual Meeting, four Class 1 directors will be elected.

The Board of Directors has nominated the persons named below to serve as Class 1 directors until the next even numbered year annual meeting during 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

| Name of Director | Age | Principal Occupation | Director Since |
|-----------------------------|-----|--|----------------|
| Frederick Frank | 78 | Vice Chairman, Peter J. Solomon Company | 1999 |
| Steven Goldby | 70 | Partner, Venrock | 2008 |
| Stephen E. Halprin | 72 | Retired General Partner of OSCCO Ventures | 1988 |
| Richard S. Schneider, Ph.D. | 69 | Retired General Partner, Domain Associates | 1991 |

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

Frederick Frank has served as director since December 1999. Mr. Frank is Vice Chairman of Peter J. Solomon Company ("Solomon"), an investment banking and advisory firm. 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 50 years on Wall Street, Mr. Frank has been involved in numerous financings and merger and acquisition transactions. He serves on the board of directors of Pharmaceutical Product Development, Inc., PDL BioPharma, and was a director for the Institute for Systems Biology. Mr. Frank is Chairman of the National Genetics Foundation and he serves on the Advisory Boards for Yale School of Organization and Management, Johns Hopkins Bloomberg School of Public Health, the Massachusetts Institute of Technology Center of Biomedical Innovation 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 with extensive experience and knowledge with respect to transactions and financing 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 with significant understanding of the technology issues facing the Company.

Stephen E. Halprin has served as a director since April 1988. From 1968 until his retirement in 2005, Mr. Halprin was a General Partner of OSCCO Ventures, a venture capital firm. Mr. Halprin received a B.S. from the Massachusetts Institute of Technology and an M.B.A. from Stanford University.

Through his work in the venture capital arena, Mr. Halprin has a great deal of familiarity with the issues that arise in the context of growing and developing a business. As such, he provides the Board with significant knowledge of financing and development of strategies for growth.

Richard S. Schneider, Ph.D. has served as a director since September 1991. From October 1990 until his retirement in 1999, Dr. Schneider was a general partner of Domain Associates L.L.C., a venture capital firm. Prior to pursuing a career in venture capital, Dr. Schneider was Vice President of Product Development at Syva/Syntex Corporation and President of Biomedical Consulting Associates. He is a member of the board of directors of a number of privately-held life science companies. Dr. Schneider received a B.S. from the University of California at Berkeley and received a Ph.D. in chemistry from the University of Wisconsin, Madison.

With over 25 years of product development experience in the fields of medical devices and biotechnology, Dr. Schneider provides the Board with extensive understanding of the scientific issues related to the Company’s products.

Class 2 Directors

Directors continuing in office until the 2011 Annual Meeting of Stockholders are:

| Name of Director | Age | Principal Occupation | Director Since |
|------------------------|-----|--|----------------|
| Gary T. Steele | 61 | President, Chief Executive Officer and Chairman of the Board of Directors of the Company | 1991 |
| Duke K. Bristow, Ph.D. | 53 | Economist, University of Southern California | 2004 |
| Dean Hollis | 50 | Retired President and Chief Operating Officer, ConAgra Foods, Inc. Consumer Foods and International Division | 2009 |
| Robert Tobin | 72 | Retired Chief Executive Officer, Ahold, USA | 2004 |
| Nicholas Tompkins | 55 | Chairman of the Board of Apio, Inc. | 2003 |

Except as set forth below, each of the Class 2 directors has been engaged in the principal occupation set forth next to his name above during the past five years.

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 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 with significant insight into the Company's businesses and operations.

Duke K. Bristow, Ph.D. has served as a director since September 2004. Dr. Bristow has academic appointments with the Marshall School of Business at the University of Southern California ("USC") and with the Henry Samueli School of Engineering at the University of California, Los Angeles ("UCLA"). He teaches engineering economics at UCLA where he has been an economist since 1995. In August 2006, he began teaching finance at USC. His research focuses on corporate governance, corporate finance and entrepreneurship. Dr. Bristow is an advisor to a number of private and public organizations. Previously, he was with Eli Lilly & Company, a leading life science firm, for ten years. He held management positions in the pharmaceutical, medical device and diagnostics divisions and in corporate finance. He holds a B.S. in Chemical Engineering from Purdue University, an M.B.A. from Indiana University, and a Ph.D. in Financial Economics from UCLA.

With his academic background and knowledge of corporate governance and finance, Dr. Bristow provides the Board with a thoughtful perspective on economic issues facing the Company. In addition, with his experience in the life sciences industry, Dr. Bristow provides a deep understanding of the technology issues facing the Company's bio-technology business.

Dean Hollis has served as a director since July 30, 2009. Mr. Hollis was most recently President and Chief Operating Officer of the Consumer Foods and International Division of ConAgra Foods, Inc. ("ConAgra"). 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 also serves on the board for Pierre Foods, an Oaktree portfolio company, and on the Executive Advisory Board for ICG Commerce. Mr. Hollis is a graduate of Stetson University where he currently serves on its board.

With over 20 years of experience in the food industry, Mr. Hollis provides the Board with significant expertise in areas of great significance to the Company and its 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 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 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 with knowledge of the scientific issues that face the Company's food business.

Nicholas Tompkins has served as a director since October 2003. Mr. Tompkins has been the Chairman of the Board of Apio, a wholly-owned subsidiary of Landec, 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 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 with in-depth knowledge of the operations of Apio, a significant portion of the Company's business.

Board of Directors Meetings and Committees

The Board of Directors held a total of seven meetings during the fiscal year ended May 30, 2010. Each director attended at least 75% of all Board and applicable committee meetings during fiscal year 2010. 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 Company has also formed a Technology Committee. It is our policy to encourage the members of the Board of Directors to attend the Company's annual meeting of stockholders. All directors, except for Mr. Frank, attended our 2009 annual meeting of stockholders.

The Audit Committee currently consists of Mr. Halprin (Chairman), Dr. Bristow and Mr. Goldby, each of whom the Board of Directors has determined meets the current independence requirements of the Securities and Exchange Commission (the "SEC") and The Nasdaq Stock Market, Inc. ("Nasdaq"). 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 independent auditor's qualifications and independence, the performance of the Company's internal audit function and independent auditor, 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 auditor, approving the services performed by the independent auditors and for reviewing and evaluating the Company's accounting principles and its system of internal accounting controls. The Sarbanes-Oxley Act of 2002 and 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" within the meaning of such Act and rules. The Board of Directors has determined that Mr. Halprin, Dr. Bristow and Mr. Goldby are "audit committee financial experts" within the meaning of applicable SEC rules and regulations. The Audit Committee held five meetings during fiscal year 2010. Please see the section entitled "Audit Committee Report" for further matters related to the Audit Committee.

The Compensation Committee currently consists of Dr. Schneider (Chairman), Mr. Frank, Mr. Tobin and Mr. Hollis each of whom the Board of Directors has determined 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 incentive plans, stock equity 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 three meetings during fiscal year 2010. Mr. Hollis joined the Compensation Committee on May 28, 2010 and as a result did not participate in the Compensation Committee's activities during fiscal year 2010. 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 30, 2010.

The Nominating and Corporate Governance Committee currently consists of Mr. Frank (Chairman) and Mr. Tobin, each of whom the Board of Directors has determined 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 two meetings during fiscal year 2010.

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. 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, 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.

The Technology Committee currently consists of Dr. Schneider (Chairman), Dr. Bristow and Mr. Halprin, each of whom the Board of Directors has determined meets the current independence requirements of the SEC and Nasdaq. The function of the Technology Committee is to provide, as necessary, advice and recommendations to the Board of Directors and to management with regard to technology strategies aimed at addressing current and future markets, product development and new product introductions and enhancing the Company's long-term growth. The Technology Committee did not hold a meeting during fiscal year 2010.

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;

• All members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Technology Committee are independent;

• The independent members of the Board of Directors meet 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.

The Board has determined that each member of the Board, other than Mr. Steele and Mr. Tompkins, is an independent director under applicable Nasdaq listing standards and SEC rules. Mr. Steele does not meet the independence standards because he was an employee of the Company during fiscal year 2010 and, in the case of Mr. Tompkins, based on the information disclosed under "Certain Relationships and Related Transactions" herein.

Mr. Halprin currently serves as the Company's lead independent director.

Board Leadership Structure

The Board 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. After due consideration by the Board, the Board has concluded that combining the roles of Chairman and Chief Executive Officer is in the best interests of the Company. The Board believes that the combination of the roles of Chairman and Chief Executive Officer promotes the Board's and executive management's pursuit of the

Company's business objectives by allowing the senior-most executive with accountability for the Company's day-to-day operations, who also possesses significant business and industry knowledge, to set Board meeting agendas (in consultation with the lead independent director) and to lead the related discussions.

The Board does not believe that separating these roles would enhance either the independence of the Board or its effectiveness in discharging its responsibilities. The Board adheres to sound corporate governance practices, as reflected in the Company's corporate governance policies, which the Board believes has promoted, and continues to promote, the effective and independent exercise of Board leadership for the Company and its stockholders. At each Board Meeting, non-management directors convene an executive session without the presence of management. Moreover, the non-management directors have elected one independent director to be the lead director. The lead director is Mr. Halprin. The lead director presides over executive sessions of the non-management directors and at all meetings at which the Chairman is not present; calls 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 and approves information sent to the Board; and is available for consultation and communication if requested by major 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 of the Board of 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 independent auditors, our internal auditors 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 independent auditors and our internal auditors, 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 us, 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 Company 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.

Compensation of Directors

The following table sets forth compensation information for the fiscal year ended May 30, 2010, for each member of our Board of Directors who was not also an executive officer during fiscal year 2010. An executive officer who serves on our Board does not receive additional compensation for serving on the Board. See “Summary Compensation Table” and “Grants of Plan-Based Awards” for disclosures related to our Chairman of the Board, President and Chief Executive Officer, Gary T. Steele.

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards(2) (\$) | Option Awards(2) (\$) | Total (\$) |
|-----------------------------|--|----------------------------|-----------------------------|---------------|
| Duke K. Bristow, Ph.D. | 37,500 | 9,385 | 11,488 | 58,373 |
| Frederick Frank (1) | 26,000 | 9,385 | 11,488 | 46,873 |
| Steven Goldby | 40,167 | 9,385 | 11,488 | 61,040 |
| Stephen E. Halprin | 51,333 | 9,385 | 11,488 | 72,206 |
| Dean Hollis (3) | 22,667 | 30,550 | 39,595 | 92,812 |
| Richard S. Schneider, Ph.D. | 33,500 | 9,385 | 11,488 | 54,373 |
| Robert Tobin | 29,000 | 9,385 | 11,488 | 49,873 |
| Nicholas Tompkins | 27,500 | 9,385 | 11,488 | 48,373 |

- (1) Pursuant to an agreement with the Company, the fees earned by Mr. Frank have been deferred.
- (2) The amounts shown in the Stock Awards and Option Awards columns do not reflect compensation actually received by a director. 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 2010. The assumptions used to calculate the value of option awards are set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.
- (3) The amounts shown in the Stock Awards and Option Awards columns for Mr. Hollis reflect that he received an initial grant of 3,333 RSUs and an option to purchase 10,000 shares of common stock upon his election as a member of the Board of Directors.

At May 30, 2010, the aggregate number of stock awards and option awards outstanding was: Dr. Bristow – 56,667 shares; Mr. Frank – 86,667 shares; Mr. Goldby – 25,000 shares; Mr. Halprin – 86,667 shares; Mr. Hollis – 20,000 shares; Dr. Schneider – 86,667 shares; Mr. Tobin – 56,667 shares; and Mr. Tompkins – 16,667 shares.

For fiscal year 2010, each non-employee director earned \$20,000 per year for service as a member of our Board of Directors. In addition, each director who served as the Chairman of the Compensation Committee received an annual retainer of \$5,000, 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 \$15,000, and each director who served as the lead independent director received an annual retainer of \$10,000.

Additionally, for fiscal year 2010, each non-employee director received \$1,000 for each meeting of the Board attended in person (\$500 if attended by phone), \$500 for each meeting of a Committee attended in person, and \$1,000 for each stockholder meeting attended by the director. 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 were reimbursed.

Required Vote

The election 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 entitled to vote. 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.

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 29, 2011, 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 30, 2010 and May 31, 2009.

| Fee Category | Fiscal 2010 | Fiscal 2009 |
|--------------------|-------------|-------------|
| Audit Fees | \$ 818,000 | \$ 782,307 |
| Audit-Related Fees | \$ 0 | \$ 0 |
| Tax Fees (1) | \$ 29,000 | \$ 40,000 |
| All Other Fees | \$ 0 | \$ 0 |
| Total | \$ 847,000 | \$ 822,307 |

(1) Tax fees for fiscal year 2010 were for the tax services provided in connection with the Company's acquisition of Lifecore Biomedical, Inc. Tax fees for fiscal year 2009 were for the conversion of Landec Ag, Inc. to an LLC owned by the Company.

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 Forms 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.

Changes to the Independent Auditors

On June 5, 2008, the Audit Committee dismissed McGladrey & Pullen, LLP (“McGladrey”) as the Company’s independent registered public accounting firm. McGladrey was engaged to be the Company’s independent registered public accounting firm on January 2, 2008 and did not issue a report for any fiscal year. McGladrey has stated that during the period of its engagement from January 2, 2008 to June 5, 2008: (a) there were disagreements between McGladrey and the Company on certain matters of accounting principles or practices and financial statement disclosure, which, if not resolved to the satisfaction of McGladrey, would have caused McGladrey to make reference to such matter in its report (the “Disagreements”), and (b) information had come to McGladrey’s attention that if further investigated may have materially impacted the fairness of the Company’s fiscal year 2007 and 2008 financial statements, which would be a reportable event, as that term is defined in Item 304(a)(1)(v)(C) and (D) of Regulation S-K (the “Reportable Events” and together with the Disagreements, the “Accounting Issues”). The Audit Committee has discussed each of the Accounting Issues below with McGladrey. In addition, the Company has authorized McGladrey to respond fully to the inquiries of the Company’s successor independent registered public accounting firm concerning the subject matter of each Accounting Issue. The specific accounting questions raised by McGladrey relate to technical interpretations of accounting pronouncements regarding:

- (a) whether the Company properly recorded the gain on the sale of Fielder’s Choice Direct to Monsanto Company and the revenue recognition from the licensing portion of the agreement governing that transaction;
- (b) whether the repurchase of the Apio and Landec Ag, LLC. (“Landec Ag”) subsidiary options should have been accounted for as a purchase of minority interest which would have resulted in the Company recording the amount of the repurchase as an asset instead of as a reduction to equity as recorded by the Company in accordance with accounting guidance;
- (c) whether the Company is the primary beneficiary of Landec Ag which is the key determinant as to whether Landec Ag should be deconsolidated or not; and
- (d) whether the specifics of certain deferred tax assets and liabilities and the corresponding valuation allowance should have been detailed in the Company’s footnotes to its financial statements for the fiscal year ended May 27, 2007.

On June 5, 2008, the Audit Committee appointed Ernst & Young LLP as its successor independent registered public accounting firm to audit the Company’s financial statements for fiscal year 2008. Ernst & Young LLP had previously audited the Company’s financial statements for each of the two fiscal years in the period ended May 27, 2007, and reviewed the Company’s financial statements for the first two fiscal quarters of fiscal year 2008 and in the subsequent interim period through January 2, 2008. Given that Ernst & Young LLP was the Company’s independent registered public accounting firm at the time the Company had to account for the transactions which are the subject of the Accounting Issues, the Company did, at McGladrey’s request, consult with Ernst & Young LLP on such matters. Ernst & Young LLP’s views and the Company’s views on the Accounting Issues are that the Company’s financial statements, as previously filed with the SEC, reflect appropriate and acceptable accounting treatment of such transactions.

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 entitled to vote.

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 29, 2011.

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 30, 2010:

| Plan Category | (a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1) | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (2) | Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (3) |
|--|---|---|--|
| Equity compensation plans approved by security holders | 2,563,848 | \$ 6.25 | 765,644(3) |
| Equity compensation plans not approved by security holders | 326,753(4) | \$ 5.51 | 0 |
| Total | 2,890,601 | \$ 6.15 | 765,644 |

(1) Includes only options and restricted stock units outstanding under Landec's equity compensation plans, as no stock warrants or other rights were outstanding as of May 30, 2010.

(2) The weighted average exercise price does not take restricted stock units into account as restricted stock units have no purchase price.

(3) Represents shares available for issuance pursuant to the 2009 Stock Incentive Plan.

(4) Represents shares to be issued upon exercise of options that are outstanding under the 1996 Non-Executive Stock Option Plan and the New Executive Stock Option Plan, both of which have been terminated, and no future awards will be made pursuant to such plans. A description of these plans is set forth under Note 8 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

The 2009 Stock Incentive Plan

The 2009 Stock Incentive Plan authorizes the grant of equity awards, including stock options, restricted stock and restricted stock units to employees, including officers, outside consultants and non-employee directors of the Company. The plan was approved by the Company's stockholders in October 2009. The exercise price of the stock options granted under the plan is the fair market value of the Company's Common Stock on the date the options were granted. 1,900,000 shares are authorized to be issued under this plan. Options granted under the plan generally are exercisable upon vesting and generally vest ratably over three years.

The 2005 Stock Incentive Plan

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

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. 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. As amended in 1999, 1,500,000 shares were authorized to be issued under this plan. Options generally were exercisable upon vesting and generally vested ratably over four years. The 1996 Non-Executive Stock Option Plan was terminated, and no future awards will be made pursuant to such plan.

The New Executive Stock Option Plan

The New Executive Stock Option Plan authorized the grant of non-statutory stock options to officers of the Company or officers of Apio or Landec Ag LLC whose employment with each of those companies began after October 24, 2000. The plan was not approved by the Company's stockholders. The exercise price of the non-statutory stock options was no less than 100% and 85%, for named executive officers and officers other than named executive officers, respectively, of 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 four years. 210,000 shares were authorized to be issued under this plan. The New Executive Stock Option Plan was 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 three 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, Dr. Bristow and Mr. Goldby is an audit committee financial expert within the meaning of the rules 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 five meetings during fiscal year 2010. 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 30, 2010, 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 30, 2010, 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.

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.

Charter

The Board has adopted a written charter for the Audit Committee. The charter is reviewed annually for changes, as appropriate, and was last amended in July 2006. A copy of the charter of the Audit Committee is available on the Company's website at www.landec.com.

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 30, 2010, as filed with the SEC.

This report is submitted by the Audit Committee.

Stephen E. Halprin (Chairman)

Duke K. Bristow, Ph.D.

Steven Goldby

15

EXECUTIVE OFFICERS OF THE COMPANY

The following sets forth certain information with regard to executive officers of the Company. Ages are as of August 16, 2010.

Gary T. Steele (age 61) 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 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.

David D. Taft, Ph.D. (age 72) has been Chief Operating Officer of the Company since 1993 and was Chief Operating Officer of Apio from October 2002 to May 2005. Dr. Taft also served as a director of the Company from 1990 through 1995. From February 1986 to April 1993, Dr. Taft was Vice President and Group Manager of the Manufacturing Group at Raychem Corporation. From July 1983 to January 1986, Dr. Taft was Group Manager of the Telecom Group at Raychem Corporation and was appointed to the position of Vice President in October 1984. Dr. Taft has over 40 years of experience in the specialty chemical industry in research and development, sales and marketing, manufacturing and general management. Prior to joining Raychem Corporation, Dr. Taft was Executive Vice President of the Chemical Products Division and a Director of Henkel Corporation. Dr. Taft was also an executive with General Mills Chemicals and Ashland Chemical.

Ronald Midyett (age 44) 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 is currently a member of the board of directors of the United Fresh Fruit and Vegetable Association.

Dennis J. Allingham (age 59) has been the President, Chief Executive Officer and a director of Lifecore Biomedical since February 2004. He served as the Company's General Manager and Chief Financial Officer for the eight years prior to his appointment as CEO. Mr. Allingham has over 25 years of progressive business and management experience in executive positions and as a director within the pharmaceutical and health care distribution, manufacturing and retail industries.

Gregory S. Skinner (age 49) 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.

Steven P. Bitler, Ph.D. (age 52) 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.

Damian Hajduk, Ph. D. (age 41) has been Chief Scientific Officer of the Company since April 2010. Prior to joining the Company Dr. Hajduk held a variety of scientific and leadership positions from 1997 to 2010 at Symyx Technologies, Inc., a scientific informatics software company.

Molly A. Hemmeter (age 43) has been Vice President, Business Development and Global Marketing of the Company since June 2009. 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.

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 16, 2010 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) NUMBER OF SHARES OF COMMON STOCK | PERCENT OF TOTAL(2) |
|--|--|------------------------|
| 5% Stockholders | | |
| Security Investors LLC 5801 SW Sixth Avenue Topeka, KS 66636 | 2,031,236(3) | 7.66% |
| Riverbridge Partners LLC 801 Nicollet Mall, #600 Minneapolis, MN 55402 | 1,822,858(4) | 6.88% |
| Tocqueville Asset Management LP 40 W. 57th St., 19th Floor New York, NY 10019 | 1,751,078(5) | 6.61% |
| Blackrock Global Investors 400 Howard St. San Francisco, CA 94105 | 1,442,047(6) | 5.44% |
| Thomson, Horstmann & Bryant, Inc. Plaza One, 5th Floor Park 80, W. Saddle Brook, NJ 07663 | 1,396,355(7) | 5.27% |
| Executive Officers and Directors | | |
| Gary T. Steele Chairman of the Board of Directors, Chief Executive Officer and President | 582,391(8) | 2.17% |
| David D. Taft, Ph.D. Chief Operating Officer | 165,322(9) | * |
| Ronald Midyett Chief Executive Officer of Apio, Inc. Vice President of Landec | 215,776(10) | * |
| Gregory S. Skinner | 247,864(11) | * |

Chief Financial Officer and Vice President of Finance &
Administration

| | | |
|---|------------|---|
| Molly A. Hemmeter Vice President, Business Development and Global Marketing | 15,884(12) | * |
|---|------------|---|

| NAME | SHARES BENEFICIALLY OWNED (1) | |
|--|----------------------------------|---------------------|
| | NUMBER OF SHARES OF COMMON STOCK | PERCENT OF TOTAL(2) |
| Duke K. Bristow, Ph.D., Director | 61,668(13) | * |
| Steven Goldby, Director | 15,625(14) | * |
| Dean Hollis, Director | 8,125(15) | * |
| Robert Tobin, Director | 61,668(16) | * |
| Frederick Frank, Director | 351,068(17) | 1.32% |
| Stephen E. Halprin, Director | 124,785(18) | * |
| Richard S. Schneider, Ph.D., Director | 153,420(19) | * |
| Nicholas Tompkins, Director | 45,670(20) | * |
| All directors and executive officers as a group (16 persons) | 2,119,018(21) | 7.66% |

* 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 16, 2010, 26,507,778 shares of Common Stock were issued and outstanding. Percentages are calculated with respect to a holder of options exercisable within 60 days after August 16, 2010 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 with the SEC showing such beneficial owner's holdings as of June 30, 2010.

(4) This information is based on a Form 13F filed with the SEC showing such beneficial owner's holdings as of June 30, 2010.

(5) This information is based on a Form 13F filed with the SEC showing such beneficial owner's holdings as of June 30, 2010.

(6) This information is based on a Form 13F filed with the SEC showing such beneficial owner's holdings as of June 30, 2010.

(7) This information is based on a Form 13F filed with the SEC showing such beneficial owner's holdings as of June 30, 2010.

(8) This number includes 199,107 shares held in trust of which Mr. Steele is a beneficial owner. This number also includes 383,284 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.

- (9) This number includes 30,110 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (10) This number includes 212,443 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (11) This number includes 9,250 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010, owned by Stacia Skinner, Mr. Skinner's wife, and 5,911 shares owned by Mrs. Skinner. This number also includes 93,124 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (12) This number includes 15,884 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (13) This number includes 55,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (14) This number includes 15,625 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (15) This number includes 8,125 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (16) This number includes 55,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (17) This number includes 85,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (18) This number includes 39,785 shares held in a trust of which Mr. Halprin is a beneficial owner. This number also includes 85,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (19) This number includes 68,420 shares held in a trust of which Dr. Schneider is a beneficial owner. This number also includes 85,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (20) This number includes 600 shares held by Mr. Tompkins's minor children. This number also includes 15,000 shares subject to outstanding stock options exercisable within 60 days after August 16, 2010.
- (21) This number includes an aggregate of 1,169,511 shares held by officers and directors which are subject to outstanding stock options exercisable within 60 days after August 16, 2010.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis 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 2010 are Gary T. Steele, President and Chief Executive Officer, David D. Taft, Ph.D., Chief Operating Officer, Gregory S. Skinner, Vice President of Finance and Chief Financial Officer, Molly Hemmeter, Vice President, Business Development and Global Marketing and Ron Midyett, President and Chief Executive Officer of Apio, Inc. These individuals are referred to as the "Named Executive Officers."

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 technology, hyaluronan-based biomaterials and technology licensing businesses.

The above policies guide the Compensation Committee (the "Committee") in assessing the proper allocation between 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 various Nasdaq, SEC and Internal Revenue Code rules. The Committee operates under a written charter adopted by our Board. A copy of the Committee's charter is available at 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 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 competitive practices among our peer group.

The Committee reviews market compensation levels and practices annually to determine whether any adjustments to an individual Named Executive Officer's compensation are warranted. The Committee obtains information on the competitive market from two sources:

- Publicly disclosed compensation data from the peer group of materials science and food industries described below; and
- Published and proprietary compensation survey data from materials science and food industries, as well as from a broader set of general industry surveys and companies.

The Committee considers both the peer group and survey data in determining the competitive market for each Named Executive Officer position.

20

The Committee on occasion meets with Landec's President and Chief Executive Officer, Mr. Steele, and/or other executives to obtain recommendations with respect to Company compensation programs, practices and packages for executives, other employees and directors. Management makes recommendations to the Committee on the base salary, bonus targets and equity compensation for the executive team and other employees.

Peer Group

The Company's peer group typically includes a broad range of companies in the materials science and food industries with whom Landec competes for executive talent. For fiscal year 2010, the Committee considered major competitors for executive talent and companies that operate in the same or similar industries as Landec. For fiscal year 2010, the peer group consisted of the following companies: Fresh Express, Del Monte, Dole, Air Products, Syngenta, and Dupont. The Committee monitors the peer group to assess its appropriateness as a source of competitive compensation data and reassesses the relevance of the peer group as needed.

Data on the compensation practices of the above-mentioned peer group generally is gathered through searches of publicly available information, including publicly available databases. Peer group data is gathered with respect to base salary, bonus targets and all equity and non-equity awards (including stock options, performance shares, restricted stock and long-term, cash-based awards). Peer group data does not include generally available benefits, such as 401(k) plans or health care coverage.

Landec's goal is to target base pay and total cash compensation at the market's 50th percentile based on market and industry data. In determining base salary, the Committee considers other factors such as job performance, skill set, prior experience, the executive's time in his or her position and/or with Landec, internal consistency regarding pay levels for similar positions or skill levels within the Company, external pressures to attract and retain talent, and market conditions generally. Targeting total compensation at the 50th percentile and providing incentive compensation opportunity, rewards goal achievement and allows total compensation to be competitive as a whole, while taking into account business cyclicality. Base pay and target cash compensation are analyzed by management to determine variances to the Company's compensation targets using the combination of publicly available information and survey data as described above. Mr. Steele uses market data in making his recommendations to the Committee for executives who report directly to him.

Elements of Compensation

There are three major elements that comprise Landec's compensation program: (i) base salary; (ii) annual cash incentive opportunities, including bonuses; and (iii) equity incentives in the form of stock options and/or restricted stock unit awards.

Base Salaries

The base salaries of executive officers are set at levels intended to be competitive with other companies engaged in similar activities and with other businesses of comparable size, scope and location that compete for executive talent. To retain and attract the level of talent necessary for Landec to succeed, the Committee expects that the base salaries should be in the middle of the range of base salaries for comparable positions.

Base salaries are not necessarily adjusted annually but are generally adjusted when the Committee judges that a change is warranted by a change in an executive officer's responsibilities, demonstrated performance or relevant market data.

The salaries paid to the Named Executive Officers in fiscal year 2010 are shown in the Summary Compensation Table.

Annual Cash Bonus Plan

Landec maintains an annual cash bonus plan for senior executives to encourage and reward achievement of Landec's business goals and to assist Landec in attracting and retaining executives by offering an opportunity to earn a competitive level of compensation. Consistent with our overall compensation objective of linking compensation to performance, aligning executive compensation with stockholder interests and attracting and retaining top level executive officers in the industry, annual cash bonus targets are set as a percentage of base salary. For fiscal year 2010, the CEO had a target bonus of 80% of base salary up to a maximum of 100% of his base salary, and the other Named Executive Officers had target bonuses of 40% to 50% of base salary up to a maximum of 100% to 104% of their base salary. Bonus targets and ranges are typically set in June of each fiscal year. Specific criteria for corporate, business unit and individual objectives are also set at this time. In the case of the executive officers, including the Named Executive Officers, the bonus targets and criteria are approved by the Committee.

The overall corporate objectives are intended to be challenging but achievable. Such objectives are based on actual performance compared to predetermined financial performance targets, which are weighted depending upon whether the employee is a member of a business unit or the corporate staff. For the CEO, COO, CFO, and VP, Business Development and Global Marketing (“Corporate Executives”), the award calculation for fiscal year 2010 was based on the Company’s annual consolidated financial results, specifically the Company’s consolidated net income. For the CEO of Apio, a business unit of Landec, the award calculation was based on Apio’s annual financial results, specifically Apio’s controllable income.

The financial objectives are set at the beginning of each fiscal year, on a consolidated basis and for each business unit. The financial objectives are based on the internally-developed financial plan for the fiscal year. In fiscal year 2010, the Company’s financial performance was measured based on established targets for income. To earn a bonus, the net income plan had to be exceeded and then dollar for dollar would be paid proportionately to each Corporate Executive up to their maximum target bonus. For the Corporate Executives, the consolidated net income target for Landec was \$12.8 million. For the CEO of Apio, the controllable net income target for Apio was \$17.9 million. For fiscal year 2010, the Corporate Executives and the CEO of Apio did not earn a cash bonus because the income targets for Landec or Apio were not exceeded.

Based on the metrics described above, the Named Executive Officers target bonus, maximum bonus and actual bonus earned for fiscal year 2010 are as follows:

| Named Executive Officer | Target Bonus | Maximum Bonus | Bonus Earned |
|-------------------------|--------------|---------------|--------------|
| Gary T. Steele | \$ 300,000 | \$ 375,000 | \$ 0 |
| David D. Taft, Ph.D. | \$ 150,000 | \$ 300,000 | \$ 0 |
| Ronald Midyett | \$ 137,500 | \$ 286,000 | \$ 0 |
| Gregory S. Skinner | \$ 132,500 | \$ 265,000 | \$ 0 |
| Molly Hemmeter | \$ 137,500 | \$ 275,000 | \$ 0 |

Long-Term Incentive Compensation

Landec provides long-term incentive compensation through awards of stock options and restricted stock units (also referred to as “restricted stock units”, “RSUs” or “stock awards”) that generally vest over multiple years. Landec’s equity compensation program is intended to align the interests of officers with those of the stockholders by creating an incentive for officers to maximize long-term stockholder value. The equity compensation program also is designed to encourage officers to remain employed with Landec despite a competitive labor market in its industry.

Awards to eligible employees, including Named Executive Officers, are generally made on an annual basis. Awards must be approved by the Committee or the Board. In general, the number of options/RSUs awarded to each executive officer is determined subjectively based on a number of factors, including the officer’s degree of responsibility, general level of performance, ability to affect future Company performance, salary level and recent noteworthy achievements, as well as prior years’ awards. All grants have been approved by the Board of Directors or the Committee and have a per share exercise price equal to the fair market value of Landec Common Stock on the grant date. The Committee has not granted, nor does it intend in the future to grant, equity compensation awards to executives in anticipation of the release of material nonpublic information that is likely to result in changes to the price of Landec Common Stock, such as a significant positive or negative earnings announcement. Similarly, the Committee has not timed, nor does it intend in the future to time, the release of material nonpublic information based on equity award grant dates. Also, because equity compensation awards typically vest over a three or four year period, the value to recipients of any immediate increase in the price of Landec’s stock following a grant will be attenuated.

The Committee regularly monitors the environment in which Landec operates and makes changes to the Company's equity compensation program to help the Company meet its goals, including achieving long-term stockholder value. In order to continue to attract and retain highly skilled employees, the Committee approved changes to Landec's equity compensation program that were designed to reward Landec's employees for their hard work and commitment to the long-term success and growth of Landec. Specifically, in fiscal year 2007, the Company began granting both stock options and RSUs. Landec grants stock options because they can be an effective tool for meeting Landec's compensation goal of increasing long-term stockholder value because employees are able to profit from stock options only if Landec's stock price increases in value over the stock option's exercise price. Landec believes the options that it grants provide effective incentives to option holders to achieve increases in the value of Landec's stock. Landec grants RSUs because they provide a more predictable value to employees than stock options, and therefore are efficient tools in retaining and motivating employees, while also serving as an incentive to increase the value of Landec's stock. RSUs also can be a more efficient means of using equity plan share reserves because fewer RSUs are needed to provide a retention and incentive value as compared to awards of stock options.

In May 2010, the Company implemented a broad-based equity award program for certain of its employees, including our Named Executive Officers. The purpose of the program was to promote employee retention and maintain alignment between long term employee incentives and the interests of our stockholders. In connection with the program, our Named Executive Officers were granted stock options and restricted stock units as set forth below under "Grants of Plan Based Awards." Consistent with standard employee equity awards and grants, each stock option grant has a seven year term and vests ratably each month over three years and restricted stock units vest on the three-year anniversary of the award.

Retirement Benefits under the 401(k) Plan, Executive Perquisites and Generally Available Benefit Programs

Landec maintains a tax-qualified 401(k) Plan, which provides for broad-based employee participation. Under the 401(k) Plan, all Landec employees are eligible to receive matching contributions from Landec that are subject to vesting over time. The matching contribution for the 401(k) Plan in fiscal year 2010 was \$0.67 for each dollar on the first 6% of each participant's pretax contributions and was calculated and paid on a payroll-by-payroll basis, subject to applicable federal limits, and subject to vesting. Landec also makes an annual "reconciling match" designed to more evenly determine the amount of matching contributions that eligible employees receive. This reconciling match works by recalculating the regular matching contribution as if it were paid on an annualized, instead of payroll-by-payroll, basis. If the annualized matching contribution would have been higher, Landec contributes a matching contribution equal to the difference between the two. Other than the 401(k) Plan, Landec does not provide defined benefit pension plans or defined contribution retirement plans to its executives or other employees.

Landec also offers a number of other benefits to the Named Executive Officers pursuant to benefit programs that provide for broad-based employee participation. These benefits programs include medical, dental and vision insurance, long-term and short-term disability insurance, life and accidental death and dismemberment insurance, health and dependent care flexible spending accounts, wellness programs, educational assistance and certain other benefits.

The 401(k) Plan and other generally available benefit programs allow Landec to remain competitive with respect to employee talent, and Landec believes that the availability of the benefit programs generally enhances employee productivity and loyalty to Landec. The main objectives of Landec's benefits programs are to give our employees access to quality healthcare, financial protection from unforeseen events, assistance in achieving retirement financial goals and enhanced health and productivity. These generally available benefits typically do not specifically factor into decisions regarding an individual executive's total compensation or equity award package.

Compensation of Chief Executive Officer

During fiscal year 2010, the Company entered into an amendment to the Executive Employment Agreement between the Company and our Chief Executive Officer pursuant to which his salary for the period commencing January 1, 2010, through December 31, 2010, remained at \$375,000 rather than increasing to \$450,000 as had been provided in his original Executive Employment Agreement. As a result of this amendment, during fiscal year 2010, Mr. Steele received a salary of \$371,294. In setting Mr. Steele's salary, target bonus and equity compensation grant, the Committee relied on market-competitive pay data and weighed heavily the consideration that the Chief Executive Officer significantly and directly influences Landec's overall performance. The Committee also considered the overall compensation policies discussed above. As indicated above under "Annual Cash Bonus Plan", Landec's actual financial performance for fiscal year 2010 did not result in a bonus payment to Mr. Steele under the Company's annual cash bonus plan. On December 10, 2009, Mr. Steele was granted 12,019 restricted stock units, which will vest and be payable in common stock on December 10, 2010. On May 26, 2010, Mr. Steele was granted an option to purchase 75,000 shares of common stock that will vest over three years and 25,000 restricted stock units, which will vest and be payable in common stock on May 26, 2013.

Compensation of Named Executive Officers

For fiscal year 2010, the Compensation Committee decided not to make any adjustments to base salary levels for our incumbent Named Executive Officers, Messrs. Skinner and Midyett and Dr. Taft. Their respective salary rates have been unchanged since fiscal year 2008. Our other Named Executive Officer, Ms. Hemmeter, was hired in fiscal year 2010. Her cash compensation package was established as part of our negotiations to secure her employment and reflects then-current competitive market conditions. During fiscal year 2010, our Named Executive Officers were granted options to purchase shares of common stock and restricted stock units as set forth below under "Grants of Plan Based Awards."

Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to a company's executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if specified requirements are met. The Committee reviews the potential effect of Section 162(m) periodically and generally seeks to structure the long-term incentive compensation granted to Named Executive Officers in a manner that is intended to avoid disallowance of deductions under Section 162(m). Nevertheless, there can be no assurance that compensation attributable to long-term incentive awards will be treated as qualified performance-based compensation under Section 162(m). In addition, the Committee reserves the right to authorize compensation payments that may be in excess of the limit when the Committee believes such payments are appropriate and in the best interest of Landec and its stockholders, after taking into consideration changing business conditions and the performance of its employees.

Compensation Committee Interlocks and Insider Participation

The Committee is composed of Dr. Schneider (Chairman), Mr. Frank, Mr. Tobin and Mr. Hollis. During fiscal year 2010, none of the Company's executive officers served on the board of directors of any entities whose directors or officers serve on the Committee. None of the Committee's current or former members has at any time been an officer or employee of Landec. None of Landec's executive officers serve, or in the past fiscal year have served, as members of the board of directors or compensation committee of any entity that has one or more of its executive officers serving on Landec's Board of Directors or the Committee.

Compensation 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 Exchange Act, except to the extent that Landec specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

The Committee has reviewed and discussed with management the Compensation Discussion and Analysis for fiscal year 2010. Based on the review and discussions, the Committee recommended to the Board of Directors, and the Board of Directors has approved, that the Compensation Discussion and Analysis be included in Landec’s Proxy Statement for its 2010 Annual Meeting of Stockholders.

This report is submitted by the Committee.

Richard S. Schneider, Ph.D. (Chairman)

Frederick Frank

Robert Tobin

Summary Compensation

The following table shows compensation information for fiscal years 2010, 2009 and 2008 for the Named Executive Officers.

Summary Compensation Table

| Name and Principal Position | Year | Salary (\$) | Bonus (\$)(5) | Stock Awards (\$)(1) | Option Awards (\$)(2) | Change in Pension Value and Non-Equity Nonqualified Incentive Plan Compensation | | | Total (\$) |
|--|------|-------------|---------------|----------------------|-----------------------|---|------------------|--------------------------------|------------|
| | | | | | | Deferred Compensation (\$)(3) | Earnings (\$)(4) | All Other Compensation (\$)(4) | |
| Gary T. Steele President and Chief Executive Officer and Chairman of the Board | 2010 | 371,294 | — | 58,312 | 34,149 | — | — | 12,501 | 476,256 |
| | 2009 | 375,000 | — | 709 | 905 | — | — | 11,999 | 388,644 |
| | 2008 | 375,000 | — | — | — | — | — | 9,644 | 384,644 |
| David D. Taft, Ph.D. Chief Operating Officer | 2010 | 300,000 | — | 17,545 | 21,122 | — | — | 10,760 | 349,427 |
| | 2009 | 300,000 | — | 10,422 | 14,388 | — | — | 11,495 | 336,305 |
| | 2008 | 300,000 | — | 9,981 | 13,793 | — | — | 5,722 | 329,496 |
| Ronald Midyett President and Chief Executive Officer of Apio, Inc. Vice President of Landec | 2010 | 275,000 | — | 63,432 | 78,294 | — | — | 25,796 | 442,522 |
| | 2009 | 275,000 | — | 34,471 | 153,666 | — | — | 25,855 | 488,992 |
| | 2008 | 275,000 | — | 9,981 | 147,041 | 137,500 | — | 25,605 | 595,127 |
| Gregory S. Skinner Chief Financial Officer & V.P. of Finance and Administration | 2010 | 265,000 | — | 17,662 | 21,415 | — | — | 10,760 | 314,837 |
| | 2009 | 265,000 | — | 10,422 | 14,339 | — | — | 7,463 | 297,224 |
| | 2008 | 265,000 | — | 9,981 | 13,793 | — | — | 5,384 | 294,158 |
| Molly Hemmeter, Vice President, Business Development and Global Marketing | 2010 | 253,846 | 25,000 | 23,075 | 24,990 | — | — | 10,044 | 336,955 |

(1) Amounts shown do not reflect compensation actually received by the Named Executive Officer. Instead, the amounts shown are the aggregate grant date value, computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 718, Compensation—Stock Options ("ASC Topic 718"), of awards granted in fiscal year 2010 and in prior years. The assumptions used to calculate the value of the RSU awards are set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.

- (2) Amounts shown do not reflect compensation actually received by the Named Executive Officer. Instead, the amounts shown are the aggregate grant date value, computed in accordance with ASC Topic 718, of awards granted in fiscal year 2010 and in prior years. The assumptions used to calculate the value of stock option awards are set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010.
- (3) Amounts consist of bonuses earned for exceeding financial performance targets in fiscal year 2008 under the Company's annual cash bonus plan.
- (4) Amounts consist of Company paid life insurance and an employer 401(k) match for all Named Executive Officers. For Mr. Steele, the amount shown also includes Company-paid disability insurance for which Mr. Steele is the beneficiary. During fiscal year 2009, Dr. Taft received a 15-year service award in the amount of \$1,480 and Dr. Bitler received a 20-year service award in the amount of \$7,402. For Mr. Midyett, the amount includes an annual car allowance of \$15,000.
- (5) Amount consists of a hiring bonus upon the start of employment with the Company.

Grants of Plan-Based Awards

The following table shows all plan-based awards granted to the Named Executive Officers during fiscal year 2010. The option awards and the unvested portion of the stock awards identified in the table below are also reported in the "Outstanding Equity Awards at Fiscal 2010 Year-End" table on the following page.

| Name | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | Number of Shares of Stock | All Other Awards: Number of Securities Underlying Options | All Other Exercise or Base Price of Option (\$/share) | Grant Date Fair Value of Stock and Option Awards (\$)(2) |
|----------------------|------------|--|-------------|--------------|---|------------|-------------|---------------------------|---|---|--|
| | | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) | Maximum (#) | | | | |
| Gary T. Steele | 05/26/2010 | — | — | — | — | — | — | — | 75,000 | 5.63 | 172,319 |
| | 05/26/2010 | — | — | — | — | — | 25,000 | — | — | — | 140,750 |
| | 12/10/2009 | — | — | — | — | — | 12,019 | — | — | — | 74,999 |
| | N/A | 0 | 300,000 | 375,000 | — | — | — | — | — | — | — |
| David D. Taft, Ph.D. | 05/26/2010 | — | — | — | — | — | — | — | 60,000 | 5.63 | 137,855 |
| | 05/21/2009 | — | — | — | — | — | 20,000 | — | — | — | 112,600 |
| | N/A | 0 | 150,000 | 300,000 | — | — | — | — | — | — | — |
| Ronald Midyett | 05/28/2010 | — | — | — | — | — | — | — | 67,000 | 6.19 | 169,250 |
| | 05/28/2010 | — | — | — | — | — | 22,333 | — | — | — | 138,241 |
| | N/A | 0 | 137,500 | 286,000 | — | — | — | — | — | — | — |
| Gregory S. Skinner | 05/26/2010 | — | — | — | — | — | — | — | 75,000 | 5.63 | 172,319 |
| | 05/26/2010 | — | — | — | — | — | 25,000 | — | — | — | 140,750 |
| | N/A | 0 | 132,500 | 265,000 | — | — | — | — | — | — | — |
| Molly Hemmeter | 05/26/2010 | — | — | — | — | — | — | — | 37,500 | 5.63 | 86,159 |
| | 05/26/2010 | — | — | — | — | — | 12,500 | — | — | — | 70,375 |
| | 06/22/2009 | — | — | — | — | — | — | — | 37,500 | 6.47 | 111,206 |
| | 06/22/2009 | — | — | — | — | — | 12,500 | — | — | — | 80,875 |
| | N/A | 0 | 137,500 | 275,000 | — | — | — | — | — | — | — |

(1) Amounts shown are estimated payouts for fiscal year 2010 to the Named Executive Officers under Landec's annual cash bonus plan. The target amount is based on a percentage of the individual's fiscal year 2010 base salary. The maximum amount shown is equal to the individual's base salary for Corporate Executives and 104% of the base salary for Mr. Midyett. No bonuses were received by these Named Executive Officers for fiscal year 2010. For more information on these awards, see the section entitled "Compensation Discussion and Analysis-Annual Bonus Plan."

(2) This column reflects the grant date fair values computed in accordance with ASC Topic 718 of the stock options and restricted stock unit grants in this table. The assumptions used to calculate the value of stock option awards are set forth under Note 1 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 30, 2010. Stock awards consist only of RSUs. The exercise price for all options granted to the Named Executive Officers is 100% of the fair market value of the shares of Landec Common Stock on the grant date. The option exercise price has not been deducted from the amounts indicated above. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of Landec common stock at such date in the future when the option is exercised. The value of the option following this exercise does not include the option exercise price. The options vest 1/36th per month

and are fully vested three years after the date of grant. RSUs cliff vest on the third anniversary of the date of grant, other than the 12,019 RSUs granted to Mr. Steele, which vest on the first anniversary of the date of grant.

Equity Awards

The following table shows all outstanding equity awards held by the Named Executive Officers at the end of fiscal year 2010. The awards for fiscal year 2010 identified in the table below are also reported in the "Grants of Plan-Based Awards" table on the previous page.

Outstanding Equity Awards at Fiscal 2010 Year-End

| Name | Option Awards Equity Incentive Plan Awards: | | | Stock Awards | | | | |
|----------------------|--|--|---|----------------------------------|------------------------------|--|---|---------|
| | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options Unexercisable | Number of Securities Underlying Unexercised Options Unearned | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(1) | |
| Gary T. Steele | 121,785 | 0 | — | 3.375 | 12/06/2010 | — | — | |
| | 100,000 | 0 | — | 6.1305 | 19/2012 | — | — | |
| | 36,500 | 0 | — | 2.8202 | 20/2013 | — | — | |
| | 100,000 | 0 | — | 6.6506 | 16/2014 | — | — | |
| | 12,500 | 25,000 | — | 6.2205 | 21/2016 | — | — | |
| | 0 | 75,000 | — | 5.6305 | 26/2017 | — | — | |
| | — | — | — | — | — | 12,500(2) | 77,375 | |
| | | | | | | 25,000(2) | 154,750 | |
| | | | | | | 12,019(3) | 74,398 | |
| David D. Taft, Ph.D. | 3,444 | 0 | — | 6.0907 | 29/2012 | — | — | |
| | 10,000 | 0 | — | 8.8606 | 15/2013 | — | — | |
| | 75,000 | 15,000 | — | 6.2205 | 21/2016 | — | — | |
| | 0 | 60,000 | — | 5.6305 | 26/2017 | — | — | |
| | — | — | — | — | — | — | 20,000(2) | 123,800 |
| | — | — | — | — | — | 7,500(2) | 46,425 | |
| Gregory S. Skinner | 19,791 | 0 | — | 3.8005 | 07/2012 | — | — | |
| | 10,000 | 0 | — | 6.1305 | 19/2012 | — | — | |
| | 10,000 | 0 | — | 8.8606 | 15/2013 | — | — | |
| | 35,000 | 0 | — | 7.5009 | 30/2014 | — | — | |
| | 7,500 | 15,000 | — | 6.2205 | 21/2016 | — | — | |
| | 0 | 75,000 | — | 5.6305 | 26/2017 | — | — | |
| | — | — | — | — | — | 25,000(2) | 154,750 | |
| | — | — | — | — | — | 7,500(2) | 46,425 | |
| Molly Hemmeter | 0 | 37,500 | — | 6.4706 | 22/2016 | — | — | |
| | 0 | 37,500 | — | 5.6305 | 26/2017 | — | — | |
| | 0 | — | — | — | — | — | 12,500(2) | 77,375 |
| | — | — | — | — | — | — | 12,500(2) | 77,375 |

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| | | | | | | | |
|----------------|---------|--------|---|------|-----------|-----------|---------|
| Ronald Midyett | 150,000 | 0 | — | 6.13 | 5/19/2012 | — | — |
| | 10,000 | 0 | — | 8.86 | 6/15/2013 | — | — |
| | 18,333 | 11,667 | — | 8.19 | 7/22/2015 | — | — |
| | 17,500 | 35,000 | — | 6.22 | 5/21/2016 | — | — |
| | 0 | 67,000 | — | 6.19 | 5/28/2017 | — | — |
| | — | — | — | — | — | 22,333(2) | 138,241 |
| | — | — | — | — | — | 10,000(2) | 61,900 |
| | — | — | — | — | — | 18,750(2) | 116,063 |

(1) Value is based on the closing price of Landec Common Stock of \$6.19 as of May 30, 2010 as reported on the Nasdaq Global Select Market.

(2) The Restricted Stock Units vest on the third anniversary of the date of grant.

(3) The Restricted Stock Units vest on the first anniversary of the date of grant.

Option Exercises and Stock Vested

The following table shows all stock options exercised and the value realized upon exercise and the number of stock awards vested and the value realized upon vesting by the Named Executive Officers during fiscal year 2010.

Option Exercises and Stock Vested For Fiscal 2010

| Name | Option Awards | | Stock Awards | |
|----------------------|--|--|---|---|
| | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$)(1) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Gary T. Steele | 138,462 | 375,048 | — | — |
| David D. Taft, Ph.D. | 0 | 0 | 3,333 | 21,798 |
| Gregory S. Skinner | 0 | 0 | 3,333 | 21,798 |
| Molly Hemmeter | 0 | 0 | — | — |
| Ronald Midyett | 0 | 0 | 3,333 | 21,798 |

(1)The value realized equals the difference between the option exercise price and the fair market value of Landec Common Stock on the date of exercise, multiplied by the number of shares for which the option was exercised.

Employment Contracts and Potential Payments upon Termination or Change in Control

Employment Contracts

The Company entered into an employment agreement with Mr. Steele as of January 1, 2009, setting forth the terms of his employment. The employment agreement expires on December 31, 2011, unless renewed or extended by both parties, and provides that Mr. Steele shall be paid an annual base salary of \$375,000 for calendar year 2009 and \$450,000 beginning January 1, 2010 plus an annual incentive award under the Company's annual cash bonus plan based upon the attainment of pre-determined, mutually established goals. Mr. Steele will be eligible for grants of equity interests under the Company's 2009 Stock Incentive Plan at times and in such amounts as determined by the Compensation Committee. In fiscal year 2010, the Company and Mr. Steele entered into an amendment of the employment agreement which provides that his salary for the period commencing January 1, 2010, through December 31, 2010, will remain at \$375,000, and will increase to \$450,000 beginning January 1, 2011.

Potential Payments upon Termination or Change in Control

Mr. Steele's employment agreement provides that upon Mr. Steele's death or disability, the Company shall pay Mr. Steele or his estate his unpaid base salary and the pro rata portion of his annual incentive award through the date of termination. If Mr. Steele is terminated without cause or if he terminates his employment for good reason (generally, any relocation of Mr. Steele's place of employment, reduction in salary, or material reduction of his duties or authority), Mr. Steele will receive a severance payment equal to 100% of his annual base salary and a one-year acceleration of his unvested stock options and other equity awards, and the Company will pay the monthly premiums for health insurance coverage for Mr. Steele (and his spouse) until Mr. Steele attains age 65 or at such earlier time as Mr. Steele receives substantially equivalent health insurance coverage in connection with new employment. In addition, the employment agreement provides that if Mr. Steele is terminated without cause or terminates his employment for good reason within two (2) years following a "change of control," Mr. Steele will receive a severance payment equal to 150% of his annual base salary and the Company will pay the monthly premiums for health insurance coverage for Mr. Steele (and his spouse) until Mr. Steele attains age 65 or at such earlier time as Mr. Steele receives substantially equivalent health insurance coverage in connection with new employment. In the event of a

“change in control,” all of Mr. Steele’s unvested stock options or other equity awards shall immediately vest and become exercisable. Mr. Steele agreed, as part of his employment agreement, not to solicit, induce, recruit, encourage or take away employees or consultants of the Company for a period of two years following his termination. In addition, Mr. Steele agreed not to solicit any licensor to or employee or customer of the Company for a period of two years following his termination.

28

If Mr. Steele's employment with the Company had been terminated without cause or for good reason in connection with a change of control of the Company on May 30, 2010, the last business day of Landec's fiscal year 2010, Mr. Steele would have received the following severance benefits under his employment agreement:

- 1) Approximately \$598,000 over the following 18-month period; and
- 2) Approximately \$41,000 in health insurance premiums, assuming no increases in premiums, until he attains age 65, assuming he does not receive substantially equivalent health coverage in connection with new employment.

Policies and Procedures with Respect to Related Party Transactions

The Audit Committee Charter requires that members of the Audit Committee, all of whom are independent directors, review and approve all related party transactions (other than compensation transactions). In reviewing related party transactions, the Audit Committee takes into account factors it deems appropriate, such as whether the related party transaction is on terms no less favorable than terms generally available to an unrelated third party under the same or similar conditions and the extent of the related party's interest in the transaction. Additionally, under the Company's Code of Ethics, directors, officers and all other members of the workforce are expected to avoid any relationship, influence or activity that would cause or even appear to cause a conflict of interest.

Certain Relationships and Related Transactions

Pursuant to the terms of farmer agreements entered into between Apio and the Nick Tompkins Ranch and Central Coast Produce, LLC (the "Tompkins Farms"), Apio provides packing, cooling and distributing services for produce planted and grown by the Tompkins Farms, and Apio purchases produce from these farms. The terms of the agreements are the same as the terms offered by Apio to other growers. During fiscal year 2010, Apio paid the Tompkins Farms \$614,000 for produce. Mr. Tompkins, the Chairman of Apio and a director of the Company, wholly-owns the Nick Tompkins Ranch and has a greater than ten percent (10%) ownership interest in Central Coast Produce.

On July 3, 2003, Apio entered into a Purchase Agreement (the "Purchase Agreement") with Beachside Produce, LLC, a California limited liability company ("Beachside"), and the Growers (as defined below) to sell its domestic commodity vegetable business to Beachside. Beachside is owned and operated by a group of persons and entities (the "Growers") that supply produce to Apio, including Mr. Tompkins, who owns 12.5% of Beachside. In connection with the Purchase Agreement, Apio, Beachside and the Growers entered into a supply agreement pursuant to which Beachside and the Growers have agreed to supply produce to Apio for its value-added and export trading businesses. During fiscal year 2010, the Company paid Beachside \$2,777,000 for produce and recognized revenues derived from services provided to Beachside for cooling and storing produce of \$3,699,000 and revenues of \$853,000 from the sale of products to Beachside.

During fiscal year 2010, Apio leased for approximately \$150,000 land that is either owned, controlled or leased by Mr. Tompkins, and subleased that land to growers who deliver produce to Apio. The terms of the leases are substantially the same as the terms offered by Apio to other growers.

During fiscal year 2010, Stacia Skinner, wife of Mr. Greg Skinner, the Company's Chief Financial Officer, was employed at the Company and received approximately \$125,543 in compensation. Mrs. Skinner, the Company's Information Technology Director, does not report to the Company's Chief Financial Officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and holders of more than ten percent of the Company's Common Stock are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely upon review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended May 30, 2010 all Section 16(a) filing requirements applicable to the Company's officers, directors and holders of more than ten percent of the Company's Common Stock were satisfied, except that a Form 4 filed on behalf of Mr. Midyett was filed four days after the filing deadline.

OTHER MATTERS

The Board of Directors knows of no other matters to be submitted to the stockholders at the annual meeting. If any other matters properly come before the meeting, then the persons named in the enclosed form of proxy will vote the shares they represent in such manner as the Board may recommend.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope or vote their 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
August 25, 2010