

LANDEC CORP \CA\  
Form DEF 14A  
August 24, 2017  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

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

Filed by the Registrant    Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant To §240.14a-12

**LANDEC CORPORATION**

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(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

No fee required.

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

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

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(3) Filing party:

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(4) Date filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON OCTOBER 19, 2017**

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 19, 2017, at 12:00 p.m. local time, at Lifecore Biomedical, 3515 Lyman Blvd, Chaska, MN 55318 for the following purposes:

1. To elect five 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 27, 2018;
3. To approve an amendment to the 2013 Stock Incentive Plan that increases the number of shares of Common Stock available for issuance by 1,000,000 shares.
4. To approve a non-binding advisory proposal on executive compensation;
5. To provide an advisory vote to determine whether a non-binding advisory vote on executive compensation should occur every one, two or three years, and
6. 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 21, 2017, 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, 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 23, 2017

**IMPORTANT**

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

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**PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON OCTOBER 19, 2017**

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**INFORMATION CONCERNING SOLICITATION AND VOTING**

*General*

The enclosed proxy is solicited on behalf of the Board of Directors of Landec Corporation, a Delaware corporation (“**Landec**” or the “**Company**”), for use at the annual meeting of stockholders (the “**Annual Meeting**”) to be held on Thursday, October 19, 2017, at 12:00 p.m., local time, or at any postponement or adjournment thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at Lifecore Biomedical, 3515 Lyman Blvd, Chaska, MN 55318. The telephone number at that location is (952) 368-4300.

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 21, 2017 to all stockholders entitled to vote at the meeting. The costs of soliciting these proxies will be borne by the Company. These costs will include the expenses of preparing and mailing proxy materials for the Annual Meeting and the reimbursement of brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of the Company’s common stock, par value \$0.001 per share (the “**Common Stock**”). The Company may conduct

further solicitation personally, telephonically or by facsimile through its officers, directors and regular employees, none of whom will receive additional compensation for assisting with the solicitation.

**Important Notice Regarding the Availability of Proxy Materials for the  
Stockholder Meeting to Be Held on October 19, 2017.**

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

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

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

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## **Voting Procedure**

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

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

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

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

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

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

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

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

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

voting in person at the Annual Meeting.

## Voting

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

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

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

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

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

*Proposal No. 3 – Approval of amendment to increase the number of shares in the 2013 Stock Incentive Plan.* This proposal must be approved by shares representing a majority of the shares present and entitled to vote on the proposal. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have the same effect as a vote against this proposal.



*Proposal No. 4 — Advisory (non-binding) vote on executive compensation:* This advisory proposal will be approved if a majority of the shares present and voted on the proposal are voted in favor of the resolution. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have no effect on this advisory vote.

*Proposal No. 5 — Advisory (non-binding) vote on frequency of votes on executive compensation:* This advisory vote provides a choice among three frequency periods for future advisory votes on executive compensation (so-called, “say-on-pay” votes). The frequency period that receives the most votes (every one, two or three years) will be deemed to be the recommendation of the stockholders. As a result, any shares that are present and not voted, whether by broker non-vote, abstention or otherwise, will have no effect on the outcome of this advisory vote.

Any proxy which is returned using the form of proxy enclosed and which is not marked as to a particular item will be voted FOR the election of the director nominees proposed by the Board of Directors; FOR the ratification of the appointment of Ernst & Young LLP to serve as the Company’s independent registered public accounting firm for the fiscal year ending May 27, 2018; FOR the approval of the amendment to increase the number of shares in the Company’s 2013 Stock Incentive Plan, FOR the advisory vote on executive compensation; FOR holding the advisory vote on executive compensation every year; and as the proxy holders deem advisable on other matters that may come before the meeting or any adjournment(s) thereof, as the case may be, with respect to the item not marked. Broker non-votes will not be considered as voting with respect to these matters.

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

Only stockholders of record at the close of business on August 21, 2017, are entitled to notice of, and to vote at, the Annual Meeting. As of August 21, 2017, 27,506,712 shares of the Company’s Common Stock were issued and outstanding.

### **Deadline for Receipt of Stockholder Proposals for the Company’s Annual Meeting of Stockholders in 2018**

If any stockholder desires to present a stockholder proposal at the Company’s 2018 Annual Meeting of Stockholders, such proposal must be received by the Secretary of the Company no later than May 15, 2018, in order that they may be considered for inclusion in the proxy statement and form of proxy relating to that meeting.

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

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

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

The Company's Bylaws currently provide for no fewer than six (6) and no more than ten (10) directors, and the Company's Certificate of Incorporation provides for the classification of the Board of Directors into two classes serving staggered terms. Each Class 1 and Class 2 director is elected for a two-year term, with the Class 2 directors elected in odd numbered years (*e.g.*, 2017) and the Class 1 directors elected in even numbered years (*e.g.*, 2018). Accordingly, at the Annual Meeting, five (5) Class 2 directors will be elected.

The Board of Directors has nominated the persons named below to serve as Class 2 directors until the 2019 Annual Meeting, at which their successors will be elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the Company's five (5) nominees named below. 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 five (5) nominees for director receiving at least a majority of votes cast at the Annual Meeting will be elected.

***Class 2 Directors***

<b><u>Name of Director</u></b>	<b><u>Age</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Director Since</u></b>
Albert D. Bolles, Ph.D	60	Retired Executive Vice President and Chief Technical and Operations Officer, ConAgra Foods, Inc.	2014
Deborah Carosella	60	Retired Chief Executive Officer, Madhava Natural Sweeteners	2017
Tonia Pankopf	49	Managing Partner, Pareto Advisors, LLC	2012
Robert Tobin	79	Retired Chief Executive Officer, Ahold, USA	2004
Molly A. Hemmeter	50	President and Chief Executive Officer of the Company	2015

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

executive officer of the Company.

Albert D. Bolles, Ph.D, has served as a director since May 2014. Dr. Bolles currently serves as Chairman of OnFood, a start-up company. Dr. Bolles served as the Executive Vice President and Chief Technical and Operations Officer of ConAgra Foods, Inc. ("**ConAgra**") until his retirement in August 2015. Dr. Bolles led ConAgra's Research, Quality & Innovation and Supply Chain organizations. He joined ConAgra in 2006 as Executive Vice President, Research, Quality & Innovation. Under his leadership, the ConAgra Research, Quality & Innovation team brought to market highly successful products that have led to substantial business growth. Prior to joining ConAgra, Dr. Bolles led worldwide research and development for PepsiCo Beverages and Foods. Dr. Bolles serves on several professional advisory boards, including the Grocery Manufacturers Association (GMA) Scientific Regulatory Committee, and is currently the chairman of the Trout Council/Food Science program which is an endowed scholarship fund at Michigan State University in the Department of Food Science and Human Nutrition. He has a Ph.D. and master's degree in food science and a bachelor's degree in microbiology, all from Michigan State University. He holds several patents and has won numerous awards for his contributions to the world of food science.

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

Ms. Carosella has served as a director since March 2017. Ms. Carosella has over 30 years' experience in the consumer products goods industry, with particular expertise in branding, strategic marketing and innovation. Most recently she was CEO of Madhava Natural Sweeteners, a Boulder, Colorado-based natural and organic sweetener company. Prior to Madhava, Ms Carosella was Senior Vice President of Innovation and a member of the Executive Leadership Team at Whitewave/Dean Foods. She joined Whitewave/Dean Foods from Conagra Foods where she held various roles including Vice President General Manager and Vice President, Strategic Marketing with business unit and enterprise wide responsibilities. Ms Carosella began her career in the advertising, branding and innovation agency business, serving as President of her own agency after working for several years with large, multi-national agencies.

Ms. Carosella's experience in consumer products and specifically in the areas of branding and new product development provides the Board of Directors and management with expertise that will be invaluable as the Company develops its new natural products business strategies.

Tonia Pankopf has served as a director since November 2012. Ms. Pankopf has been managing partner of Pareto Advisors, LLC since 2005. Previously, she was a senior analyst and managing director at Palladio Capital Management from January 2004 through April 2005. From 2001 to 2003, Ms. Pankopf served as an analyst and portfolio manager with P.A.W. Capital Partners, LP. Ms. Pankopf was a senior analyst and vice president at Goldman, Sachs & Co. from 1999 to 2001 and at Merrill Lynch & Co. from 1998 to 1999. From November 2003 until July 2017, she was a member of the board of directors of TICC Capital Corp, a business development company, having served on its Audit, Valuation, Nominating and Corporate Governance Committees and chairing its Compensation Committee. Ms. Pankopf served on the Board of the University System of Maryland Foundation from 2006 to 2012. Ms. Pankopf is a member of the NACD and is an NACD Board Leadership Fellow in recognition of her ongoing involvement in director professionalism and engagement with the director community. Ms. Pankopf received a Bachelor of Arts degree summa cum laude from the University of Maryland and an M.S. degree from the London School of Economics.

Ms. Pankopf's extensive financial experience with technology and middle-market companies provides the Board of Directors with valuable insights of an experienced investment manager as well as knowledge of corporate governance issues.

Robert Tobin has served as a director since December 2004. Mr. Tobin retired from his position as Chief Executive Officer of Ahold USA, a food retailer, in 2001. Mr. Tobin has over 40 years of industry experience in the food retail and food service sectors, having served as Chairman and CEO of Stop and Shop Supermarkets. An industry leader, Mr. Tobin serves on the advisory boards of the College of Agriculture and Life Sciences and the Undergraduate Business Program at Cornell University where he received his B.S. in Agricultural Economics.

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

Molly A. Hemmeter has been the Company's President and Chief Executive Officer since October 15, 2015. Prior to that she served as the Chief Operating Officer of the Company from January 2014 to October 2015, prior to which she served as Chief Commercial Officer of the Company from December 2010 to January 2014 and Vice President, Business Development and Global Marketing of the Company from June 2009 to December 2010. From July 2006 until joining the Company in June 2009, Ms. Hemmeter was Vice President of Global Marketing and New Business Development for the Performance Materials division of Ashland, Inc., a global specialty chemicals company. Prior to

joining Ashland, Inc., Ms. Hemmeter was Vice President of Strategy and Marketing for Siterra Corporation and Chief Marketing Officer for CriticalArc Technologies in the San Francisco Bay Area, both of which were privately held software startup companies that were eventually acquired by larger entities, and she previously held various positions at Bausch & Lomb and Eli Lilly and Company. Ms. Hemmeter received a B.E.S. and M.Eng. from the University of Louisville and an M.B.A. from Harvard University.

Ms. Hemmeter's significant knowledge and understanding of the Company and its businesses, together with her extensive experience in operations, business development and marketing, has enabled Ms. Hemmeter to lead several of Landec's significant growth initiatives. Ms. Hemmeter was an integral part of the teams that completed the acquisition of Lifecore in 2010, the financing of Windset Holdings 2010 Ltd. ("Windset") in 2011, the acquisition of GreenLine Holding Company in 2012 and the acquisition of O Olive Oil, Inc. ("O Olive") in 2017. More recently, Ms. Hemmeter was instrumental in creating and developing Apio's line of salad kit products, the fastest growing products in Landec's long history.

*Nominees for Class  
1 Directors*

<u>Name of Director</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Gary T. Steele	68	Retired Chief Executive Officer of the Company	1991
Frederick Frank	85	Chairman, Evolution Life Sciences Partners	1999
Steven Goldby	77	Partner, Venrock and Chairman of the Board of Directors of the Company	2008
Catherine A. Sohn, Pharma.D.	64	Retired Senior Executive, Glaxo Smith Kline plc	2012

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

Gary T. Steele served as President and Chief Executive Officer of the Company until his retirement in October 2015. Mr. Steele has been a director since September 1991 and was Chairman of the Board of Directors from January 1996 until his retirement. Mr. Steele has over 30 years of experience in the biotechnology, instrumentation and material science fields. From 1985 to 1991, Mr. Steele was President and Chief Executive Officer of Molecular Devices Corporation, a bioanalytical instrumentation company. From 1981 to 1985, Mr. Steele was Vice President, Product Development and Business Development at Genentech, Inc., a biomedical company focusing on pharmaceutical drug development. Mr. Steele has also worked with McKinsey & Company and Shell Oil Company. Mr. Steele received a B.S. from Georgia Institute of Technology and an M.B.A. from Stanford University.

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

Frederick Frank has served as director since December 1999. Mr. Frank is Chairman of the Board of Evolution Life Sciences Partners. Prior to joining Evolution Life Science Partners, Mr. Frank was Chairman of the Board of Burrill Securities. Prior to joining Burrill Securities, Mr. Frank was Vice Chairman of Peter J. Solomon Company ("*Solomon*"). Before joining Solomon, Mr. Frank was Vice Chairman of Lehman Brothers, Inc. ("*Lehman*") and Barclays Capital. Before joining Lehman as a Partner in October 1969, Mr. Frank was co-director of research, as well as Vice President and Director of Smith Barney & Co. Incorporated. During his over 50 years on Wall Street, Mr. Frank has been involved in numerous financings and merger and acquisition transactions. He served on the Advisory Board of PDL BioPharma, and was a director for the Institute for Systems Biology and Pharmaceutical Product Development, Inc. Mr. Frank is Chairman of the National Genetics Foundation and he serves on the Advisory Boards for Yale School of

Organization and Management and the Massachusetts Institute of Technology Center of Biomedical Innovation and was formerly an Advisory Member of the Johns Hopkins Bloomberg School of Public Health, and the Harvard School of Public Health. He is a graduate of Yale University, received an M.B.A. from Stanford University and is a Chartered Financial Analyst.

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

Steven Goldby has served as a director since December 2008 and Chairman of the Board of Directors in a non-executive capacity since October 2015. Mr. Goldby has been a Partner at Venrock, a venture capital firm, since 2007. Mr. Goldby was Chairman and Chief Executive Officer of Symyx Technologies, Inc. ("**Symyx**") from 1998 to 2007; he became the Executive Chairman in 2008, and Chairman in 2009. Before joining Symyx, Mr. Goldby served as Chief Executive Officer for more than ten years at MDL Information Systems, Inc., the enterprise software company that pioneered scientific information management. Earlier, Mr. Goldby held various management positions at ALZA Corporation, including President of Alza Pharmaceuticals. Mr. Goldby received a B.S. degree in chemistry from the University of North Carolina and a law degree from Georgetown University Law Center.

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



Catherine A. Sohn, Pharm. D. has served as a member of our board of directors since November 2012. Dr. Sohn is the founder of Sohn Health Strategies, where since 2010 she has consulted for pharmaceutical, biotechnology, medical device and consumer healthcare companies in the areas of business strategy, business development and strategic product development. She has been a member of the board of director of Jazz Pharmaceuticals plc, an international biopharmaceutical company, since July 2012. From 1982 to 2010, she was with GlaxoSmithKline plc, an international pharmaceutical company, where she served most recently as Senior Vice President, Worldwide Business Development and Strategic Alliances in the \$8 billion GSK Consumer Healthcare division. Previously she was Vice President, Worldwide Strategic Product Development at SmithKline Beecham Pharmaceuticals plc. Before that, she held a series of positions in U.S. Product Marketing, Pharmaceutical Business Development and Medical Affairs, at SmithKline Beecham and its predecessor company, SmithKline & French. Dr. Sohn currently holds the position of Adjunct Professor at the University of California, San Francisco. She received a Pharm.D. from the University of California, San Francisco. She also received a Certificate of Professional Development from the Wharton School at the University of Pennsylvania. Dr. Sohn was named Woman of the Year by the Healthcare Businesswomen's Association in 2003 and the UCSF Distinguished Alumnus in 2000. She is a Certified Licensing Professional and a National Association of Corporate Directors (NACD) Board Leadership Fellow.

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

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

The Board of Directors held a total of five meetings during the fiscal year ended May 28, 2017. Each director attended at least 75% of all Board and applicable committee meetings during fiscal year 2017. The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which operates under a written charter approved by the Board of Directors. The charter for each of the committees is available on the Company's website (<http://landec.com>). The Board of Directors also has a Food Innovation 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 on the Board of Directors at the time attended our 2016 Annual Meeting of Stockholders.

The Audit Committee currently consists of Ms. Pankopf (Chairperson), Mr. Goldby and Mr. Tobin. In the determination of the Board of Directors, each of Ms. Pankopf, Mr. Goldby, and Mr. Tobin meets the independence requirements of the Securities and Exchange Commission (the "SEC") and The Nasdaq Stock Market, LLC ("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 qualifications and independence of the Company's independent registered public accounting firm, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's compliance with legal and regulatory requirements. The Audit Committee is responsible for appointing, compensating, retaining and overseeing the Company's independent registered public accounting firm, approving the services performed by the independent registered public accounting

firm and reviewing and evaluating the Company's accounting principles and its system of internal accounting controls. Rules adopted by the SEC require us to disclose whether the Audit Committee includes at least one member who is an "audit committee financial expert," as that phrase is defined in SEC rules and regulations. The Board of Directors has determined that Ms. Pankopf and Mr. Goldby are "audit committee financial experts" within the meaning of applicable SEC rules. The Audit Committee held four meetings during fiscal year 2017. Please see the section entitled "Audit Committee Report" for further matters related to the Audit Committee. The Board has adopted a written charter for the Audit Committee. The Audit Committee reviews the charter annually for changes, as appropriate.

The Compensation Committee currently consists of Dr. Sohn (Chairperson), Mr. Frank and Dr. Bolles. In the determination of the Board of Directors, each of Dr. Sohn, Mr. Frank, and Dr. Bolles meets the current independence requirements of the SEC and NASDAQ. The function of the Compensation Committee is to review and set the compensation of the Company's Chief Executive Officer and certain of the Company's most highly compensated officers, including salary, bonuses and other cash incentive awards, 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 five meetings during fiscal year 2017.

The Nominating and Corporate Governance Committee currently consists of Mr. Frank (Chairperson), Mr. Tobin, Ms. Pankopf and Dr. Bolles, each of whom, in the determination of the Board of Directors, meets the current independence requirements of the SEC and NASDAQ. The functions of the Nominating and Corporate Governance Committee are to recommend qualified candidates for election as officers and directors of the Company and oversee the Company's corporate governance policies. The Nominating and Corporate Governance Committee held two meetings during fiscal year 2017.

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 King & Spalding LLP, 101 Second Street, Suite 2300, San Francisco, CA 94105, and providing the candidate's name, biographical data and qualifications. The Company does not have a formal policy regarding the consideration of director candidates recommended by stockholders. The Company believes this is appropriate because the Nominating and Corporate Governance Committee evaluates any such nominees based on the same criteria as all other director nominees. In selecting candidates for the Board of Directors, the Nominating and Corporate Governance Committee strives for a variety of experience and background that adds depth and breadth to the overall character of the Board of Directors. The Nominating and Corporate Governance Committee evaluates potential candidates using standards and qualifications such as the candidates' business experience, independence, diversity, skills and expertise to collectively establish a number of areas of core competency of the Board of Directors, including business judgment, management and industry knowledge. Although the Nominating and Corporate Governance Committee does not have a formal policy on diversity, it believes that diversity is an important consideration in the composition of the Board of Directors, and it seeks to include Board members with diverse backgrounds and experiences. Further criteria include the candidates' 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 Food Innovation Committee currently consists of Dr. Bolles (Chairperson) and Ms. Carosella, each of whom, in the determination of the Board of Directors, meets the current independence requirements of the SEC and NASDAQ. The function of the Food Innovation Committee is to provide advice and make recommendations to the Board and to management with regard to food management, including new agricultural techniques, plant optimization strategies and new product development insights. The function of the Food Innovation Committee further entails making possible changes to current practices within the Company's food business and making recommendations concerning new areas for the Company to pursue. As Chairman of the Food Innovation Committee, Dr. Bolles spent approximately eight days during fiscal year 2017 on site at Apio or in teleconferences with the President of Apio and/or his executive team. Since joining the Board of Directors in March 2017, Ms. Carosella has worked closely with the CEO and senior marketing executives on the innovation and strategic marketing strategies for Apio for the coming year.

## **Corporate Governance**

The Company provides information about its corporate governance policies, including the Company's Code of Ethics, and charters for the Audit, Nominating and Corporate Governance, and Compensation Committees of the Board of Directors on the Corporate Governance page of its website. The website can be found at [www.landec.com](http://www.landec.com).

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

A majority of the members of the Board of Directors are independent;

All members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Food Innovation Committee are independent;

The independent members of the Board of Directors meet at each board meeting, and at least twice per year, in executive sessions without the presence of management. The Board of Directors will designate a lead independent director or a non-executive Chairman of the Board who, among other duties, is responsible for presiding over executive sessions of the independent directors;

The Company has an ethics hotline available to all employees, and the Audit Committee has procedures in place for the anonymous submission of employee complaints regarding accounting, internal controls, or auditing matters; and

The Company has adopted a Code of Ethics that applies to all of its employees, including its principal executive officer and all members of its finance department, including the principal financial officer and principal accounting officer, as well as the Board of Directors. Any substantive amendments to the Code of Ethics or grant of any waiver, including any implicit waiver, from a provision of the Code of Ethics to the Company's principal executive officer, principal financial officer or principal accounting officer, will be disclosed either on the Company's website or in a report on Form 8-K.

Following a review of all relevant relationships and transactions between each director (including each director's family members) and the Company, the Board has determined that each member of the Board or nominee for election to the Board, other than Mr. Steele and Ms. Hemmeter, is an independent director under applicable NASDAQ listing standards. Mr. Steele and Ms. Hemmeter do not meet the independence standards because Mr. Steele was an employee of the Company within the past three years and Ms. Hemmeter is currently an employee of the Company.

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

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

With the retirement of Mr. Steele as Chief Executive Officer and the election of Ms. Hemmeter as the Company's new Chief Executive Officer in October 2015, the Board of Directors determined that the roles of Chairman and Chief Executive Officer should be separated and Mr. Goldby therefore assumed the role of non-executive Chairman in October 2015. The Board of Directors believes that the appointment of Mr. Goldby as non-executive Chairman allows the Chief Executive Officer, who also possesses significant business and industry knowledge, to lead and speak on behalf of both the Company and the Board of Directors, while also providing for effective independent oversight by non-management directors through a non-executive Chairman.

At each Board of Directors meeting, the non-executive Chairman presides over an executive session of the non-management directors without the presence of management. The non-executive Chairman also may call additional meetings of the non-management directors as he deems necessary. If the Board did not have a non-executive Chairman, the lead independent director would serve as a liaison between the Chairman and the non-management directors; advise the Chairman of the informational needs of the Board of Directors and approve information sent to the Board of Directors; and would be available for consultation and communication if requested by major stockholders.

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

### **Stockholder Communications**

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

### **Oversight of Risk Management**

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

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

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

The Board of Directors has also evaluated privacy protection, cybersecurity and information security in an effort to mitigate the risk of cyber-attacks and to protect the Company's information and that of its customers and suppliers. Based on this review, the Board of Directors has determined that such risks 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 28, 2017, for each member of our Board of Directors who was not an executive officer during fiscal year 2017. The Chief Executive Officer, Molly A. Hemmeter, who serves on our Board of Directors, does not receive additional compensation for serving on the Board of Directors. See "Summary Compensation Table" for disclosure related to Ms. Hemmeter.

Name	Fee			Total
	Earned or Paid in Cash (1)	Stock Awards (2)	Other	
Albert D. Bolles, Ph.D.	\$69,167	\$ —	\$ —	\$69,167
Deborah Carosella (3)	\$8,333	\$ —	\$ —	\$8,333
Frederick Frank	\$57,500	\$ —	\$ —	\$57,500
Steven Goldby	\$75,000	\$ —	\$ —	\$75,000

Tonia Pankopf	\$65,000	\$	—\$	—\$65,000
Catherine A. Sohn, Pharma.D.	\$56,000	\$	—\$	—\$56,000
Gary T. Steele	\$40,000	\$	—\$	—\$40,000
Robert Tobin	\$55,000	\$	—\$	—\$55,000
Nicholas Tompkins (3)	\$16,667	\$	—\$	—\$16,667

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

The Company’s current compensation policy provides for each member of the Board to receive an annual restricted

(2) stock unit (“**RSU**”) award. These awards were granted in May 2016 for fiscal year 2017 and in June 2017 for fiscal year 2018 and therefore no RSUs were actually granted in fiscal year 2017.

(3) Ms. Carosella joined the Board on March 14, 2017. Mr. Tompkins retired from the Board at the end of his term as a Class 2 director on October 19, 2016.

At May 28, 2017, the aggregate number of shares subject to outstanding restricted stock unit awards and option awards held by the members of the Board of Directors was: Dr. Bolles – 0 shares; Ms. Carosella – 0 shares; Mr. Frank – 10,000 shares; Mr. Goldby – 10,000 shares; Ms. Pankopf – 6,667 shares; Dr. Sohn – 10,000 shares; Mr. Steele – 125,000 shares; and Mr. Tobin – 10,000 shares.



For fiscal year 2017, each non-employee director received an annual retainer of \$40,000 for service as a member of our Board of Directors. In addition, each director who served on the Audit Committee and the Food Innovation Committee received an annual retainer of \$10,000, with the Chairperson of the Audit Committee and Food Innovation Committee receiving an annual retainer of \$20,000. Each director who served on the Compensation Committee received an annual retainer of \$7,500, with the Chairperson of the Compensation Committee receiving an annual retainer of \$15,000. Each director who served on the Nominating and Corporate Governance Committee received an annual retainer of \$5,000, with the Chairperson of the Nominating and Corporate Governance Committee receiving an annual retainer of \$10,000. The Chairperson of the Board received an annual retainer of \$25,000. Consistent with the general industry trend toward fixed-value RSU awards, each non-employee director currently receives an RSU award each year with a fair value of \$60,000, based on the fair market value of the Company's Common Stock on the date of the grant, vesting on the first anniversary of the date of grant.

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

### **Stock Ownership Requirement**

The Board of Directors has determined that ownership of Landec Common Stock by officers and directors promotes a focus on long-term growth and aligns the interests of the Company's officers and directors with those of its stockholders. As a result, the Board of Directors has adopted stock ownership guidelines stating that the Company's non-employee directors and its executive officers should maintain certain minimum ownership levels of Common Stock. Under these guidelines, each non-employee director of the Company is expected to maintain ownership of Common Stock having a value of at least three times the amount of the annual cash retainer paid to such non-employee director. For purposes of the guidelines, the value of a share of Common Stock is measured as the greater of (i) the then current market price or (ii) the closing price of a share of Common Stock on the date when the stock was acquired, or the vesting date in the case of RSUs.

Newly-elected directors have five years from the date they are elected to meet these guidelines. In the event a non-employee director's cash retainer increases, he or she will have two years from the date of the increase to acquire any additional shares or RSUs needed to meet the guidelines. Until the required ownership level is reached, directors are required to retain 50% of net shares acquired upon any future vesting of RSUs and/or exercise of stock options, after deducting shares used to pay any applicable taxes and/or exercise price.

### ***Required Vote***

The election of each of the five (5) Class 2 director nominees requires the affirmative vote of the holders of a majority of the shares of the Company's Common Stock present at the Annual Meeting in person or by proxy and voted with respect to such director. A "WITHHOLD" vote is effectively a vote against a director. This means that in order for a director to be elected, the number of shares voted "FOR" a director must exceed the number of votes cast against that director.

**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 27, 2018, 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 28, 2017 and May 29, 2016.

<b>Fee Category</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>
Audit Fees	\$1,540,000	\$1,417,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<b>Total</b>	<b>\$1,540,000</b>	<b>\$1,417,000</b>

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

***Audit Committee Pre-Approval Policies***

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

***Required Vote***

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

**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 27, 2018.**

## PROPOSAL NO. 3

### APPROVAL OF AMENDMENT TO THE 2013 STOCK INCENTIVE PLAN

The Landec Corporation 2013 Stock Incentive Plan (the “*Plan*”) was approved by the Company’s stockholders on October 10, 2013 (the “*Effective Date*”). We are requesting that stockholders (1) approve an amendment to the Plan to increase the number of shares of common stock available for issuance by 1,000,000 shares from 2,000,000 to 3,000,000, and (2) re-approve the “performance goals” set forth in the Plan and used by the Company in granting awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “*Code*”) (as further described below).

If stockholders do not approve this Proposal No. 3, the Plan will continue in effect in accordance with its terms as originally approved by the Company’s stockholders.

### Reasons for the Proposal

The Board of Directors and the Compensation Committee (the “*Committee*”) believe there is an insufficient number of shares of the Company’s common stock (individually, a “*Share*” and collectively, the “*Shares*”) remaining for grants under the Plan to achieve the Company’s compensation objectives over the coming years. The Board of Directors and the Committee believe that equity incentives are necessary to remain competitive in the marketplace and align the interests of our employees with our stockholders. If the amendment to increase the number of shares of common stock available for issuance by 1,000,000 shares from 2,000,000 to 3,000,000 (the “*Amendment*”) is not approved by stockholders, the Company’s ability to include equity compensation as part of our directors’ and employees’ total compensation package will be severely limited because there are only 155,239 Shares remaining available for grant under the Plan as of August 21, 2017.

As is the case with all publicly-held companies, compensation of more than \$1 million paid by the Company in any year to our chief executive officer or to any of our other three most highly paid named executive officers (other than our chief financial officer) is not deductible by the Company unless it qualifies as exempt “performance-based” compensation meeting certain requirements under Section 162(m) of the Code, including the requirement that the material terms of the related performance goals be disclosed to and approved by the Company’s stockholders. The stockholders must re-approve the performance goals every five years; if the Company’s stockholders do not re-approve such performance goals, the Company will be denied a tax deduction with respect to such “performance-based” compensation. A description of the performance goals is set forth below under “Performance Goals” and the class of employees eligible to receive awards and the maximum amount of compensation that can be paid under the Plan is also described below.

## General

The Plan contains the following compensation and corporate governance best practice provisions:

The Plan will be administered by the Committee or the Board of Directors, as further described below, and its authorized delegates. The Committee is composed entirely of independent directors who meet Nasdaq's and the Company's standards for independence and who meet the definition of "outside directors" for purposes of the performance-based compensation exemption under Section 162(m) of Code.

If approved by the Company's stockholders, a total of 1,155,239 Shares, or approximately 4.2% of the Company's total outstanding Shares as of August 21, 2017, will be available for issuance of awards under the Plan. The Shares available under the Plan, together with all outstanding awards granted under all of the Company's prior equity award plans as of August 21, 2017, is equal to approximately 11.8% of the Company's total outstanding Shares.

Participation by employees, directors, non-employee directors and consultants is at the discretion of the Committee.

A non-employee director may not receive awards exceeding 30,000 Shares in any fiscal year. The Plan also places limits on the number of awards that other participants may receive in any fiscal year.

Stock options and stock appreciation rights must be granted with an exercise price of at least 100% of the fair market value of a Share on the date of grant.

Repricing of stock options and stock appreciation rights and cash buyouts of options and stock appreciation rights that are "underwater" cannot be done without prior stockholder approval.

The Committee may recover awards and payments under or gain in respect of awards to comply with Section 10D of the Securities Exchange Act of 1934.

The Plan has a seven-year life span and therefore expires on October 10, 2020.

The following is a summary of the principal features of the Plan. This summary, however, does not purport to be a complete description of all of the provisions of the Plan. A copy of the Plan, together with the Amendment, is attached as Appendix A to this Proxy Statement.

### **Share Reserve**

Subject to adjustment as provided for below, the aggregate number of Shares that will be available for issuance of awards under the Plan is 3,000,000 Shares. For sake of clarity, the 3,000,000 share limit is reduced by the 1,844,761 Shares issued or issuable pursuant to any awards that were previously granted under the Plan as of August 21, 2017.

If awards under the Plan are forfeited or terminate before being exercised or becoming vested, then the Shares underlying those awards will again become available under the Plan. Shares that are used by a participant to pay withholding taxes or as payment for the exercise price of an award shall cease to be available under the Plan. Stock appreciation rights that are settled in Shares will be counted in full against the number of Shares available for issuance under the Plan, regardless of the number of Shares issued upon settlement of the stock appreciation rights. To the extent an award under the Plan is paid out in cash rather than Shares, such cash payment shall not result in a reduction of the number of Shares available for issuance under the Plan. Any dividend equivalents distributed as Share equivalents under the Plan will cease to be available under the Plan.

Under the Plan, no recipient may be awarded any of the following during any fiscal year: (i) stock options covering in excess of 500,000 Shares; (ii) stock grants and stock units covering in the aggregate in excess of 250,000 Shares; or (iii) stock appreciation rights covering in excess of 500,000 Shares. In addition, a non-employee director may not be granted awards covering in excess of 30,000 Shares in the aggregate during any fiscal year.

In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a stock split or reverse stock split, a recapitalization, reorganization, merger, liquidation, spin-off, exchange of Shares or a similar occurrence, the Committee will, in its discretion, make appropriate adjustments to the number of Shares and kind of shares or securities issuable under the Plan (on both an aggregate and per-participant basis) and under each outstanding award. Appropriate adjustments will also be made to the exercise price of outstanding options and stock appreciation rights.

### **Administration**

The Committee administers and interprets the Plan, provided that the Board of Directors shall administer and interpret the Plan with respect to all awards granted to non-employee directors. The Committee (or with respect to non-employee directors, the Board of Directors) shall have full authority and sole discretion to take any actions it deems necessary or advisable for the administration of the Plan, including the power and authority to: (i) select the individuals who are eligible to receive awards under the Plan; (ii) determining the type, number, vesting requirements and other features and conditions of such awards and amending such awards; (iii) correcting any defect, supplying any omission, or reconciling any inconsistency in the Plan or any award agreement; (iv) accelerating the vesting, or extending the post-termination exercise term, of awards at any time and under such terms and conditions as it deems appropriate; (v) interpreting the Plan; (vi) making all other decisions relating to the operation of the Plan; and (vii) adopting such plans or subplans as may be deemed necessary or appropriate to provide for the participation by employees of the Company and its subsidiaries and affiliates who reside outside the U.S. The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons. The Committee may delegate (i) to one or more officers of the Company the power to grant awards to the extent permitted by Section 157(c) of the Delaware General Corporation Law; and (ii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate.

### **Eligibility and Types of Awards Under the Plan**

The Plan permits the Committee to grant stock options, stock appreciation rights, stock units and stock grants. Persons eligible to participate in the Plan include employees and consultants of the Company, any parent, subsidiary or affiliate of the Company, and non-employee directors of the Company.



## **Options**

The Committee may grant nonstatutory stock options or incentive stock options (which may be entitled to favorable tax treatment) under the Plan. The number of Shares covered by each stock option granted to a participant will be determined by the Committee.

The stock option exercise price must be at least 100% of the fair market value of a Share on the date of grant (110% for incentive stock options granted to stockholders who own more than 10% of the total outstanding Shares of the Company, its parent or any of its subsidiaries). Each stock option award will be evidenced by a stock option agreement which will specify the date when all or any installment of the award is to become exercisable. The stock option agreement shall also specify the term of the option. A stock option agreement may provide for accelerated vesting in the event of the participant's death, disability, or other events. Notwithstanding any other provision of the Plan, no option can be exercised after the expiration date provided in the applicable stock option agreement. Except in connection with certain corporate transactions, repricing of stock options, and cash buyouts of options by the Company at a time when the exercise price of the option exceeds the fair market value of the underlying shares are prohibited without stockholder approval. The exercise price of stock options must be paid at the time the Shares are purchased. Consistent with applicable laws, regulations and rules, payment of the exercise price of stock options may be made in cash (including by check, wire transfer or similar means) or, if specified in the stock option agreement, by cashless exercise, by surrendering or attesting to previously acquired Shares, or by any other legal consideration approved by the Committee.

Unless otherwise provided by the Committee, unvested stock options will generally expire upon termination of the participant's service, and vested stock options will generally expire six months following the termination of the participant's service. The term of a stock option shall not exceed seven years from the date of grant (five years for incentive stock options granted to stockholders who own more than 10% of the total outstanding Shares of the Company, its parent or any of its subsidiaries).

## **Stock Grants**

The Committee may grant awards of Shares under the Plan. Participants may or may not be required to pay cash consideration to the Company at the time of grant of such Shares. The number of Shares associated with each stock grant will be determined by the Committee, and each grant may be subject to time and/or performance vesting conditions established by the Committee. Shares that are subject to such conditions are "restricted," i.e. subject to forfeiture if the performance goals and/or other conditions are not satisfied. When the restricted stock award conditions are satisfied, then the participant is vested in the Shares and has complete ownership of the Shares. A stock grant agreement may provide for accelerated vesting in the event of the participant's death, disability or other events.

A holder of a stock grant under the Plan will have the same voting, dividend and other rights as the Company's other stockholders; provided, however, that the holder may be required to invest any cash dividends received in additional Shares, with any such additional Shares subject to the same conditions and restrictions as the stock grant with respect to which the dividends were paid.

### **Stock Units**

The Committee may award stock units under the Plan. Participants are not required to pay any consideration to the Company at the time of grant of a stock unit. The number of Shares covered by each stock unit award will be determined by the Committee. A stock unit is a bookkeeping entry that represents a Share. A stock unit is similar to restricted stock in that the Committee may establish performance goals and/or other conditions that must be satisfied before the participant can receive any benefit from the stock unit. When the participant satisfies the conditions of the stock unit award, the Company will settle the vested stock units in cash or Shares or any combination of both. Settlement may occur or commence when the vesting conditions are satisfied or may be deferred, subject to applicable laws, to a later date. If stock units are settled in cash, the payment amount may be based on the average of the fair market value of a Share over a series of trading days or on other methods. A stock unit agreement may provide for accelerated vesting in the event of the participant's death, disability or other events.

A holder of stock units will have no voting rights, but may have a right to dividend equivalents. A dividend equivalent right entitles the holder to be credited with an amount equal to the amount of cash dividends paid on a Share while the stock unit is outstanding. A dividend equivalent right may be settled in cash, Shares or a combination of both, and until settlement, will remain subject to the same conditions and restrictions as the stock units to which they attach.

## **Stock Appreciation Rights**

The Committee may grant stock appreciation rights under the Plan. The number of Shares covered by each stock appreciation right will be determined by the Committee. Upon exercise of a stock appreciation right, the participant will receive payment from the Company in an amount equal to (a) the excess of the fair market value of a Share on the date of exercise over the exercise price multiplied by (b) the number of Shares with respect to which the stock appreciation right is exercised.

The exercise price of a stock appreciation right may not be less than 100% of the fair market value of a Share on the date of grant. The stock appreciation right agreement will specify the date when all or any installment of the award is to become exercisable. A stock appreciation right agreement may provide for accelerated vesting in the event of the participant's death, disability or other events. Except in connection with certain corporate transactions, repricing of stock appreciation rights and cash buyouts of stock appreciation rights by the Company at a time when the exercise price of the stock appreciation right exceeds the fair market value of the underlying shares are prohibited without stockholder approval. Stock appreciation rights may be paid in cash or Shares or any combination of both, as determined by the Committee, in its sole discretion.

Unless otherwise provided by the Committee, unvested stock appreciation rights will generally expire upon termination of the participant's service, and vested stock appreciation rights will generally expire six months following termination of the participant's service. The terms of a stock appreciation right shall not exceed seven years from the date of grant.

## **Transfer of Awards**

Unless otherwise provided in the applicable award agreement, and then only to the extent permitted by applicable law, awards under the Plan may not be transferred by the holder thereof, other than by will or by the laws of descent and distribution.

## **Performance Goals**

Awards under the Plan may be made subject to performance conditions in addition to time-based vesting conditions. Such performance conditions may be established and administered in accordance with the requirements of Section 162(m) of the Code for awards intended to qualify as "performance-based compensation" thereunder. Performance conditions under the Plan shall utilize one or more objective measurable performance goals as determined by the

Committee based upon one or more factors (measured either absolutely or by reference to an index or indices and determined either on a consolidated basis or, as the context permits, on a parent, Company, affiliate, subsidiary, divisional, line of business, unit, project or geographical basis or in combinations thereof), including, but not limited to: (i) operating income; (ii) earnings before interest, taxes, depreciation and amortization; (iii) earnings; (iv) cash flow; (v) market share; (vi) sales or revenue; (vii) expenses; (viii) cost of goods sold; (ix) profit/loss or profit margin; (x) working capital; (xi) return on equity or assets; (xii) earnings per share; (xiii) economic value added; (xiv) price/earnings ratio; (xv) debt or debt-to-equity; (xvi) accounts receivable; (xvii) writeoffs; (xviii) cash; (xix) assets; (xx) liquidity; (xxi) operations; (xxii) intellectual property (e.g., patents); (xxiii) product development; (xxiv) regulatory activity; (xxv) manufacturing, production or inventory; (xxvi) mergers and acquisitions or divestitures; and/or (xxvii) financings. To the extent consistent with the requirements of Section 162(m), the Committee may provide that the performance goals applicable to an award will be adjusted in an objectively determinable manner to reflect events (such as acquisitions and dispositions) that affect the performance goals during the applicable performance period. Awards to participants who are not subject to the limitations of Section 162(m) may be determined without regard to performance goals and may involve the Committee's discretion. The Committee has the authority to award and/or pay compensation that is not exempt from the limits on deductibility under Section 162(m) of the Code.

#### **Acceleration of Awards upon a Merger or Sale of Assets**

In the event of a change in control of the Company or a covered transaction (each as defined in the Plan), the Committee may, with respect to some or all outstanding awards or a portion thereof, provide for the assumption, substitution or continuation of awards, accelerated vesting, or cancellation with or without consideration, in all cases without participant consent. Unless the Committee determines otherwise, each outstanding award will automatically terminate or be forfeited upon consummation of a change in control or a covered transaction, unless it is assumed or substituted.

#### **Restrictions**

The Committee may cancel, rescind, withhold or otherwise limit or restrict any award at any time if the participant is not in compliance with the terms of the award agreement or the Plan, or the participant breaches any other agreement with the Company with respect to non-competition, nonsolicitation or confidentiality. In addition, the Committee may recover awards and payments under or gain in respect of awards to the extent required to comply with any Company policy or Section 10D of the Securities Exchange Act of 1934 or any other applicable law or regulation.

## **Amendment and Termination**

The Board of Directors may amend the Plan at any time and for any reason, provided that any such amendment will be subject to stockholder approval to the extent such approval is required by applicable laws, regulations or rules. The Board of Directors may terminate the Plan at any time and for any reason. Unless earlier terminated by the Board of Directors, the Plan will expire by its terms on October 10, 2020, the seventh anniversary of the Effective Date. The termination or amendment of the Plan may not impair in any material respect any award previously made under the Plan.

## **Federal Income Tax Consequences**

The following is a brief summary of the U.S. federal income tax consequences applicable to awards granted under the Plan based on federal income tax laws in effect on the date of this Proxy Statement. This summary is not intended to be exhaustive and does not address all matters which may be relevant to a particular participant based on his or her specific circumstances. The summary expressly does not discuss the income tax laws of any state, municipality, or non-U.S. taxing jurisdiction, or the gift, estate, excise (including the rules applicable to deferred compensation under Section 409A of the Code), or other tax laws other than federal income tax law. The following is not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. Because individual circumstances may vary, the Company advises all participants to consult their own tax advisor concerning the tax implications of awards granted under the Plan.

A recipient of a stock option or stock appreciation right generally will not have taxable income upon the grant of the stock option or stock appreciation right. For nonstatutory stock options and stock appreciation rights, in general, the participant will recognize ordinary income upon exercise in an amount equal to the difference between the fair market value of the Shares on the date of exercise and the exercise price. Any gain or loss recognized upon any later disposition of the Shares generally will be a capital gain or loss.

In general, a participant realizes no ordinary taxable income upon the exercise of an incentive stock option. However, the exercise of an incentive stock option may result in an alternative minimum tax liability to the participant. With some exceptions, a disposition of Shares purchased under an incentive stock option within two years from the date of grant or within one year after exercise produces ordinary income to the participant equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain. If the participant does not dispose of the Shares until after the expiration of these one and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss.

For awards of restricted stock, unless the participant properly elects to be taxed at the time of receipt of the restricted stock, the participant will not have taxable income upon the receipt of the award, but upon vesting will recognize ordinary income equal to the fair market value of the Shares at the time of vesting less the amount (if any) paid for such Shares.

A participant is not deemed to receive any taxable income at the time an award of stock units is granted. When vested stock units (and dividend equivalents, if any) are settled and distributed, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of Shares received less the amount (if any) paid for such stock units.

If the participant is an employee or former employee, the amount a participant recognizes as ordinary income in connection with any award is subject to withholding taxes (not applicable to incentive stock options) and the Company is generally allowed a tax deduction equal to the amount of ordinary income recognized by the participant. Section 162(m) of the Code contains special rules regarding the federal income tax deductibility of compensation paid to the Company's chief executive officer and to each of the Company's other three most highly compensated executive officers, other than the chief financial officer. The general rule is that annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000. However, the Company can preserve the deductibility of certain compensation in excess of \$1,000,000 if such compensation qualifies as "performance-based compensation" by complying with certain conditions imposed by the Section 162(m) rules. The Committee may structure awards to qualify as performance-based compensation, but will continue to have authority to provide compensation that is not exempt from the limits on deductibility under Section 162(m) of the Code.

A participant who defers the payout of an award or the delivery of proceeds payable upon an award exercise will recognize ordinary income at the time of payout in the same amounts as described above. If the participant receives Shares, any additional gain or loss recognized upon later disposition of the Shares is capital gain or loss. Any deferrals made under the Plan, including awards granted under the Plan that are considered to be deferred compensation, must satisfy the requirements of Section 409A of the Code to avoid adverse tax consequences to participating employees. If an award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20 percent federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation. In addition, certain states (such as California), have laws similar to Section 409A and as a result, failure to comply with such similar laws may result in additional state income, penalty and interest charges.

Under the Code, the vesting or accelerated exercisability of options or the vesting and payments of other awards in connection with a change of control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of awards, may be subject to an additional 20% federal tax and may be non-deductible to the corporation.

### Plan Benefits

Benefits, if any, payable under the Plan for 2017 and future years are dependent on the actions of the Committee and are therefore not determinable at this time. Our executive officers are eligible to receive awards under the Plan and, accordingly, our executive officers have an interest in this Proposal. In 2017, the following grants were made under the Plan to the persons and groups listed below:

<b>Name and Principal Position</b>	<b>Awards (Shares)</b>	<b>Fair Value of</b>
		<b>Award (\$)</b>
Molly A. Hemmeter President and Chief Executive Officer	247,406	1,558,959
Gregory S. Skinner Chief Financial Officer and Vice President of Finance and Administration	17,825	245,999
Ronald L. Midyett Vice President, Chief Operating Officer and President of Apio, Inc	14,290	197,202
Larry D. Hiebert	13,450	185,610

President of Lifecore Biomedical, Inc.  
and Vice President of Landec

Steven P. Bitler	—	—
Vice President of Corporate Technology		
All Executive Officers, as a group	292,972	2,187,770
All Non-employee Directors, as a group	—	—
All Non-Executive Officer Employees, as a group	127,550	665,043

**Required Vote**

The amendment to the Plan to increase the number of shares available for issuance by 1,000,000 shares from 2,000,000 to 3,000,000 and to re-approve the plan’s performance goals for purposes of Code Section 162(m) must be approved by Shares representing a majority of the Shares present and entitled to vote on the proposal. Shares present and not voted, whether by broker non-vote, abstention or otherwise, will have the same effect as a vote against this proposal.



**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” PROPOSAL NO. 3 TO APPROVE THE AMENDMENT TO THE PLAN TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE BY 1,000,000 SHARES FROM 2,000,000 TO 3,000,000 AND TO RE-APPROVE THE PLAN’S PERFORMANCE GOALS FOR PURPOSES OF CODE SECTION 162(m).**

**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 28, 2017:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)</b>	<b>Weighted Average Exercise Price (2)</b>	<b>Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity compensation plans approved by stockholders	2,080,897	\$ 13.20	155,239 (3)

(1) Consists of stock options and restricted stock units outstanding under Landec’s equity compensation plans, as no stock warrants or other rights were outstanding as of May 28, 2017.

(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 remaining for issuance pursuant to the 2013 Stock Incentive Plan.

***The 2013 Stock Incentive Plan***

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

***The 2009 Stock Incentive Plan***

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

## PROPOSAL NO. 4

### NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Compensation Discussion and Analysis beginning on page 27 of this Proxy Statement describes the Company's executive compensation program and the compensation decisions that the Compensation Committee and Board of Directors made in fiscal year 2017 with respect to the compensation of our named executive officers. The Board of Directors is asking stockholders to cast a non-binding, advisory vote **FOR** the following resolution:

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

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 27 of this Proxy Statement, as well as the Summary Compensation Table and related compensation tables, appearing on pages 39 through 42, which provide detailed information on the Company's compensation policies and practices.

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

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

named executive officers.

At the 2016 annual meeting of stockholders, 98.4% of votes cast expressed support for our compensation policies and practices, and we believe our program continues to be effective.

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

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**PROPOSAL NO. 5.**

**NON-BINDING ADVISORY VOTE ON FREQUENCY OF EXECUTIVE**

**COMPENSATION ADVISORY VOTES**

In Proposal 4, we are asking stockholders to cast an advisory vote for the compensation disclosed in this proxy statement that the Company paid in 2017 to our named executive officers. This advisory vote is referred to as a “say-on-pay” vote. In this Proposal 5, the Board of Directors is asking stockholders to cast a non-binding, advisory vote on how frequently we should have say-on-pay votes in the future. Stockholders will be able to mark the enclosed proxy card or voting instruction form on whether to hold say-on-pay votes every one, two or three years. Alternatively, you may indicate that you are abstaining from voting.

“RESOLVED, that the stockholders of the Company recommend, in a non-binding vote, whether an advisory vote to approve the compensation of the Company’s named executive officers should occur every one, two or three years.”

After considering this item, the Board of Directors has determined that a vote every year on executive compensation is appropriate. By providing an advisory vote on executive compensation on an annual basis, our stockholders will be able to provide us with timely and direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year. Therefore, the Board of Directors recommends that you vote to hold say-on-pay votes every year.

This vote, like the say-on-pay vote itself, is not binding on the Board of Directors. However, the Board of Directors values stockholders’ input and will consider the outcome of this vote when determining the frequency of future say-on-pay votes.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” CONDUCTING FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION EVERY YEAR.**

## **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 Mr. Goldby and Ms. Pankopf are audit committee financial experts, as defined by the rules and regulations of the SEC.

### ***Responsibilities***

The responsibilities of the Audit Committee include appointing an independent registered public accounting firm and assisting the Board of Director’s oversight of the preparation of the Company’s financial statements. The independent registered public accounting firm is responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. Management is responsible for the Company’s internal controls and financial reporting process. The Audit Committee’s responsibility is to oversee these processes and the Company’s internal controls. The Audit Committee members are not acting as professional accountants or auditors, and their functions are not to duplicate or to certify the activities of management and the independent registered public accounting firm.

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

The Audit Committee held four meetings during fiscal year 2017. 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 28, 2017 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 28, 2017 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 has received the written disclosures and the letter from Ernst & Young LLP required by the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP its independence.

### *Summary*

Based upon the Audit Committee's discussions with management and the Company's independent registered public accounting firm, the Audit Committee's review of the representations of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended May 28, 2017, as filed with the SEC.

This report is submitted by the Audit Committee.

Tonia Pankopf (Chairperson)

Steven Goldby

Robert Tobin

## EXECUTIVE OFFICERS OF THE COMPANY

The following sets forth certain information with regard to each named executive officer and each executive officer of the Company for fiscal year 2017. Ages are as of August 21, 2017.

Molly A. Hemmeter (age 50) has been the Company's President and Chief Executive Officer since October 15, 2015. Prior to that she served as the Chief Operating Officer of the Company from January 2014 to October 2015, prior to which she served as Chief Commercial Officer of the Company from December 2010 to January 2014 and Vice President, Business Development and Global Marketing of the Company from June 2009 to December 2010. From July 2006 until joining the Company in June 2009, Ms. Hemmeter was Vice President of Global Marketing and New Business Development for the Performance Materials division of Ashland, Inc., a global specialty chemicals company. Prior to joining Ashland, Inc., Ms. Hemmeter was Vice President of Strategy and Marketing for Siterra Corporation and Chief Marketing Officer for CriticalArc Technologies in the San Francisco Bay Area, both of which were privately held software startup companies that were eventually acquired by larger entities, and she previously held various positions at Bausch & Lomb and Eli Lilly and Company.

Gregory S. Skinner (age 56) 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 Andersen & Company.

Ronald L. Midyett (age 51) has been Chief Operating Officer since October 2015. He has served as President of Apio since January 2008 and as 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 30 years of technology and operations experience in the produce industry. Mr. Midyett was a member of the board of directors of the United Fresh Fruit and Vegetable Association from 2009 to 2015, served as chairman from April 2013 through April 2014, and is currently a member of its executive committee. Mr. Midyett is currently a director of Windset Holdings 2010 Ltd., a privately held Canadian corporation.

Larry D. Hiebert (age 61) has been President of Lifecore and a Vice President of the Company since June 2013. Mr. Hiebert served as Lifecore's Vice President and General Manager from July 2006 to June 2013. Prior to that he was Lifecore's Vice President of Operations from March 2004 to June 2006 and Director of Operations from March 1997 to March 2004, and held various Manufacturing and Materials Management positions within Lifecore from October 1983 to March 1997. Mr. Hiebert has over 30 years of operational experience in the biomaterials industry.



Mr. Hiebert retired as President of Lifecore and a Vice President of the Company on May 28, 2017. He was replaced by Mr. James Hall who had been serving as the Vice President and General Manager of Lifecore.

Steven P. Bitler, Ph.D. (age 59) 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.

**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 21, 2017 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	Percent of Total (2) of Common Stock
<b><u>5% Stockholders</u></b>		
NWQ Investment Management Company, LLC		
2049 Century Park East, 16 <sup>th</sup> Floor  Los Angeles, CA 90067	3,726,173 (3)	13.55 %
Franklin Resources, Inc		
55 Challenger Road, Suite 501  Ridgefield Park, NJ 07660		2,847,300 (4) 10.35 %
Wynnefield Capital, Inc		
450 Seventh Ave, #509  New York, NY 10123		2,682,400 (5) 9.75 %
Dimensional Fund Advisors, L.P. 6300 Bee Cave Road, Building One Austin, TX 78746		
		2,297,667 (6) 8.35 %
BlackRock, Inc		
55 E. 52nd Street New York, NY 10055		1,839,207 (7) 6.69 %

Executive Officers and Directors

Molly A. Hemmeter	359,651	(8)	1.29 %
President and Chief Executive Officer			
Gregory S. Skinner	303,710	(9)	1.10 %
Chief Financial Officer and Vice President of Finance and Administration			
Ronald L. Midyett	137,802	(10)	*
Chief Operating Officer and Vice President			
Larry D. Hiebert	—	(11)	*
President of Lifecore Biomedical, Inc. and Vice President of Landec			
Steven P. Bitler	86,332	(12)	*
Vice President of Corporate Technology			

Name	Shares Beneficially Owned (1)		Percent of Total (2)
	Number of Shares	of Common Stock	
Albert D. Bolles, Ph.D., Director	12,976		*
Deborah Carosella, Director	0		*
Frederick Frank, Director	56,892	(13)	*
Steven Goldby, Director	49,373	(14)	*
Tonia Pankopf, Director	27,551	(15)	*
Catherine A. Sohn, Pharma.D., Director	29,805	(16)	*
Gary T. Steele, Director	179,782	(17)	*
Robert Tobin, Director	54,459	(18)	*
All directors and executive officers as a group (13 persons)	1,298,293	(19)	4.62 %

\* 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 21, 2017, 27,506,712 shares of Common Stock were issued and outstanding. Percentages are calculated with respect to a holder of options exercisable within 60 days after August 21, 2017 as if such holder had exercised his options. Options held by other holders are not included in the percentage calculation with respect to any other holder.

(3) This information is based on a Form 13F filed by NWQ Investment Management Company, LLC with the SEC showing such beneficial owner's holdings as of June 30, 2017.

(4) This information is based on a Form 13F filed by Franklin Resources, Inc. with the SEC showing such beneficial owner's holdings as of June 30, 2017.

(5) This information is based on a Form 13F filed by Wynnefield Capital, Inc with the SEC showing such beneficial owner's holdings as of June 30, 2017.

- (6) This information is based on a Form 13F filed by Dimensional Fund Advisors LP with the SEC showing such beneficial owner's holdings as of June 30, 2017.

- This information is based on a Form 13F filed by nine institutions with the SEC: BlackRock Institutional Trust Company, N.A.; BlackRock Advisors, BlackRock Advisors, LLC; BlackRock Investment Management, LLC; (7) BlackRock (Netherlands) B.V.; Blackrock Financial Management, Inc, BlackRock Asset Management Canada Limited, Blackrock Asset Management Schweiz AG; Blackrock Asset Management Ireland Limited under the parent company BlackRock, Inc showing such beneficial owners' holdings as of June 30, 2017.

- (8) This number includes 321,233 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.

- (9) This number includes 65,000 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.

- (10) This number includes 53,333 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (11) Mr. Hiebert retired as President of Lifecore and a Vice President of the Company on May 28, 2017 as such he has zero shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (12) This number includes 16,666 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (13) This number includes 10,000 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (14) This number includes 10,000 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (15) This number includes 6,667 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (16) This number includes 10,000 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (17) This number includes 91,666 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (18) This number includes 10,000 shares subject to outstanding stock options exercisable within 60 days after August 21, 2017.
- (19) This number includes an aggregate of 594,565 shares held by officers and directors that are subject to outstanding stock options exercisable within 60 days after August 21, 2017.

## EXECUTIVE COMPENSATION AND RELATED INFORMATION

### Compensation Discussion and Analysis

The following Compensation Discussion and Analysis (“CD&A”) describes the philosophy, objectives and structure of our 2017 executive compensation program. This CD&A is intended to be read in conjunction with the tables which immediately follow this section, which provide further historical compensation information.

The following executive officers constituted our Named Executive Officers (“NEOs”) throughout the past fiscal year:

**Molly Hemmeter** President and Chief Executive Officer  
**Gregory S. Skinner** Vice President of Finance and Administration, and Chief Financial Officer  
**Ronald L. Midyett** Vice President and Chief Operating Officer, and President of Apio  
**Larry D. Hiebert** Vice President and President of Lifecore  
**Steven P. Bitler** Vice President of Corporate Technology

### CD&A Reference Guide

Executive Summary	Section I
Compensation Philosophy and Objectives	Section II
Establishing Executive Compensation	Section III
Compensation Competitive Analysis	Section IV
Elements of Compensation	Section V
Additional Compensation Practices and Policies	Section VI

## **I. Executive Summary**

We made good progress toward our long-term strategic vision this past year as we continued to deliver on our mission to create innovative products that support people's individual health and wellness goals. Under the leadership of Molly Hemmeter, who became Landec's President and CEO in October 2015, the strategic direction of our Apio and Lifecore businesses has become more focused and has better positioned Landec for long-term growth.

Landec had many noteworthy accomplishments in fiscal year 2017 compared to fiscal year 2016:

- 1) Lifecore delivered a record year with revenues increasing 18% to \$59.4 million and operating income increasing 13% to \$15.9 million. The shift in Lifecore's business model from a premium supplier of hyaluronic acid (HA) to a fully integrated contract development and manufacturing organization (CDMO) for difficult-to-handle biomaterials is delivering results.
- 2) Apio's strategy to focus on innovation and shift its product mix to higher margin products resulted in a 260 basis point increase in gross margin. Despite a 4% decline in revenues, Apio's gross profit in fiscal 2017 increased \$10.5 million, or 23%, which was due to a reduction in lower margin product sales coupled with positive operating efficiencies, including more favorable produce sourcing.
- 3) Apio added considerable new distribution late in fiscal year 2017, specifically: (1) Walmart expanded the distribution of our Sweet Kale Salad from 1,400 stores to 3,800 stores; (2) Kroger became Eat Smart's newest salad customer, ordering four varieties of Eat Smart® salads that started shipping to 2,000 stores in July 2017; and (3) Fresh Market started up as a new customer and began shipping eight varieties of Eat Smart salads to approximately 177 stores.
- 4) Finally, we added O Olive Oil, Inc. to our portfolio in March 2017. O Olive is Landec's first step in our stated strategy of moving into natural product segments beyond produce that offer consumers convenient, delicious, and healthy options for everyday eating.

Our compensation program has been structured by the Compensation Committee (the "Committee") of the Board of Directors to reward and incentivize executives to create long-term, sustainable stockholder value growth through a focus on corporate, business unit, and individual achievement. The performance metrics used, and the goals being set, are reflective of our business strategy. Highlights of our fiscal year 2017 compensation program include:

### **Introduction of performance-based long-term cash incentive program (LTIP)**

This new LTIP delivers value to participants upon the achievement of ROIC goals for fiscal year 2019. We believe that the return on invested capital (ROIC) demonstrates effective use of capital and is an important driver of our long-term growth.



**New long-term incentive (LTI) compensation mix going forward**

With the addition of the cash LTIP, the Committee has structured the LTI as 50% cash-based LTIP, 30% restricted stock units (RSUs) and 20% stock options.

**New short-term incentive (STI) compensation metric added**

For 20% of the annual cash incentive award plan, the Committee added “all or nothing” strategic goals for each executive which may be based on corporate, Apio or Lifecore achievements, depending on the responsibility of the executive. The other 80% of the annual cash incentive award plan will still be based on achieving established targets for revenues and operating income for each business unit and consolidated Landec results.

**Revised peer group for fiscal year 2017**

We made changes to our peer group this year to better reflect our business practices.

**Continued strong stockholder support for our pay program**

Once again, we have received very strong support (over 98%) for our say-on-pay proposal. Our Committee is proud of this achievement and believes it is reflective of the stockholders’ support for our pay-for-performance philosophy and practice.

### *Components of Our Compensation Program*

The Committee oversees our executive compensation program, which includes several compensation elements that have each been tailored to reward specific aspects of overall Landec and business line performance that the Board believes are central to delivering long-term stockholder value.

**Base Salary** Base salaries are set to be competitive to the marketplace. Base salaries are not automatically adjusted annually but instead are adjusted when the Committee judges that a change is warranted due to changes in an executive officer's responsibilities, demonstrated performance or relevant market data.

**Short-Term** 20% of the annual cash incentive award plan is based on achieving certain strategic goals for each executive which may be based on corporate, Apio or Lifecore achievements, depending on the responsibility of the executive.

#### **Incentives**

80% of the annual cash incentive award plan is based on achieving established targets for revenues and operating income for each business unit and consolidated Landec results.

**Long-Term** Long-term equity awards incentivize executives to deliver long-term stockholder value, while also providing a retention vehicle for our executives.

#### **Incentives**

The LTI mix is currently 50% cash LTIP, 30% RSUs and 20% stock options.

### **2017 Target Total Compensation**

To promote our pay-for-performance philosophy, and align the interests of management and stockholders, our 2017 executive compensation program focused extensively on variable compensation components. For example, our CEO's target pay for fiscal year 2017 consists of over 81% variable, or "at risk" incentive pay. This includes short-term cash incentives, as well as long-term incentives delivered as stock options, RSUs, and our new performance-based cash LTIP vehicle.

### *Compensation Governance Practices*

Our pay-for-performance philosophy and compensation governance practices provide an appropriate framework for our executives to achieve our financial and strategic goals without encouraging them to take excessive risks in their business decisions. Some of our practices include:

**Best Practices We Employ**

**Long-term focus.** The majority of our executive compensation is tied to long-term performance.

**Equity Ownership Guidelines.** We have robust equity ownership guidelines of 5x salary for our CEO and 3x salary for other executive officers.

**Equity Holding Requirements.** We have implemented holding requirements for executives wherein each executive must retain at least 50% of equity granted until minimum share ownership requirements are achieved.

**Clawback Policy.** We have implemented a strong recoupment, or "clawback", policy, to recover incentive compensation in the event of certain restatements of the financial results of the Company.

**No Excessive Perquisites.** Other than participation in benefit plans offered to all of our employees, we offer no other perquisites to our executive officers.

**No Section 280G Gross-ups.** None of our executive officers are entitled to a Section 280G gross-up.

**Director Independence.** The Committee is made up entirely of independent directors.

**Independent Compensation Consultant.** The Committee retains an independent compensation consultant to advise on our executive compensation programs and practices.

**Risk Assessment.** We conduct an annual risk assessment of the compensation program.

### ***Say on Pay Voting Results***

At the 2016 annual meeting of stockholders, our say-on-pay proposal received strong support, garnering support from 98.4% of shares cast. This is consistent with the voting results of 2015 and 2014, which had support levels of 97.4% and 97.9%, respectively. The Company is pleased with these results and believes that stockholders have confirmed our executive compensation philosophy, policies and programs. The Committee took these results into account by continuing to emphasize our pay-for-performance philosophy which utilizes performance measures that provide incentives to deliver value to our stockholders.

## **II. Compensation Philosophy and Objectives**

Landec's compensation program is intended to meet three principal objectives:

- 1) attract, retain and reward officers and other key employees;
- 2) motivate these individuals to achieve the Company's short-term and long-term strategic 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 and its subsidiaries, such as the effects of weather-related disruptions and competitive pressures, with incentives to achieve our long-term vision to be the leader in our food and biomaterials businesses, creating innovative products that support people's individual health and wellness goals.

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

## **III. Establishing Executive Compensation**

Landec's executive compensation program is overseen and administered by the Committee, which is comprised entirely of independent directors as determined in accordance with applicable NASDAQ, SEC and Internal Revenue Code rules. The Committee operates under a written charter adopted by our Board of Directors. A copy of the Committee's charter is available at [www.landec.com](http://www.landec.com).

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

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

### ***Role of the Compensation Consultant***

In March 2017, the Committee retained Radford Consulting, an Aon Hewitt company, to provide consulting services to the Committee, including advice on compensation philosophy, incentive plan design, executive compensation analysis, and CD&A disclosure, among other compensation topics. Radford provides no services to the Company other than consulting services provided to the Committee.

The Committee has conducted a specific review of its relationship with Radford, and determined that Radford's work for the Committee does not raise any conflicts of interest. Radford's work has conformed to the independence factors and guidance provided by the Dodd-Frank Act, the SEC and NASDAQ.

### **IV. Compensation Competitive Analysis**

Our Committee uses peer group information to provide context for its compensation decision-making for our executive officers. 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. In an effort to more accurately reflect the significant portion of the Company's business attributable to Apio's operations, the peer group was adjusted and simplified in 2014, to allow for comparisons on how these peers address the volatility and unpredictability of financial results as well as to assess competitive pay levels in the food and life sciences industries. Similarly, the Committee revised the Company's peer group again for fiscal year 2017, with Amplify Snack Brands being added, while Inventure Foods and Snyder's Lance being removed.

Our fiscal year 2017 peer group consisted of the following companies:

Albany Molecular Research	John B Sanfilippo & Son
Amplify Snack Brands	Lancaster Colony
Anika Therapeutics	Limoneira

Calavo Growers	National Beverage
Cal-Maine Foods	Omega Protein
CryoLife,	Seneca
Farmer Bros.	SunOpta
J&J Snack Foods	Surmodics

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).

The Committee does not benchmark compensation to a particular level, but rather uses competitive market data as one reference point among several when determining appropriate pay levels. On an overall basis, Landec's goal is to target total compensation for Named Executive Officers at a level that is competitive with the 50th percentile within the selected peer group for the Named Executive Officers, but other important considerations include each executive's particular experience, unique and critical skills, scope of responsibilities, proven performance, succession management and retention considerations, and the need to recruit new executives. The Committee analyzes base pay, target cash compensation and target total direct compensation within this broader context.

## V. Elements of Compensation

As outlined above, there are three major elements that comprise Landec's compensation program: (i) base salary; (ii) annual cash incentive opportunities; and (iii) long-term incentives, in the form of stock options and/or RSU awards, as well as long-term, performance-based cash awards.

### *Base Salaries*

The base salaries of executive officers are set at levels intended to be competitive with those companies in our peer group with which we compete for executive talent. In determining base salary, the Committee also considers factors such as:

- job performance
- skill set
- prior experience
- the executive's time in his or her position 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.

Base salaries are not 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.

In fiscal years 2017 and 2016, our NEO base salaries were as follows:

<b>Name</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>% Change</b>
<b>Molly A. Hemmeter</b>	475,000	426,000	11.5%
<b>Gregory S. Skinner</b>	380,000	380,000	0.0%
<b>Ronald L. Midyett</b>	340,000	340,000	0.0%
<b>Larry D. Hiebert</b>	300,000	300,000	0.0%
<b>Steven P. Bitler</b>	275,000	273,461	0.6%

Ms. Hemmeter has only been in her role since October 2015. When Ms. Hemmeter was promoted to President and CEO, her compensation was initially positioned at approximately the 25<sup>th</sup> percentile, in light of the fact that she was new to the President and CEO role. Having demonstrated a proven track record of success in her new role, the



Committee is making adjustments to more closely align her compensation with the median of the competitive market.

*Annual Cash Incentive Award Plan*

Landec maintains an annual cash incentive award plan (the “**Cash Incentive Award 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. This plan is consistent with our overall pay-for-performance philosophy and our goal of attracting and retaining top level executive officers in the industry.

In keeping with our pay for performance philosophy, a portion of our executive’s annual compensation is “at risk” compensation. This has resulted in most of our NEOs not receiving any annual cash incentive award or only a portion of their targeted award in a majority of recent years. This was also the case in fiscal year 2017, where despite a strong year in terms of overall achievements, Apio did not achieve its revenue and operating income targets due to a variety of factors, such as certain customers deciding to change to a multi-sourcing strategy resulting in the loss of some business at Apio and the Company’s long-term strategic decision to discontinue certain low-margin Apio business, which resulted in Apio not achieving its minimum targets for the payment of that portion of the annual cash incentive award in fiscal year 2017.

Award targets are set as a percentage of base salary. Incentive award targets and ranges are typically set early in each fiscal year, together with specific criteria for corporate, business unit and individual objectives. The overall corporate and business unit 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. Incentive award targets and criteria for executive officers are subject to approval by the Committee.

### **Fiscal Year 2017 Cash Incentive Award Plan**

At the beginning of fiscal year 2017, the Committee approved the 2017 Cash Incentive Award Plan for the year which included financial objectives for each business unit and at the corporate level on a consolidated basis. The financial objectives were based on the internally-developed financial plan for the fiscal year. The 2017 Cash Incentive Award Plan was based on established targets for revenues and operating income for each business unit and consolidated Landec results.

For fiscal year 2017, the CEO's target cash incentive award was 100% of her base salary, and the other Named Executive Officers' target incentive awards ranged from 40% to 60% of their base salary.

In fiscal year 2017, performance measures were broken into two buckets:

**Strategic goals:** "All or nothing" strategic goals (20% weighting)

**Financial goals:** target revenue and operating income (80% weighting)

For Ms. Hemmeter and Mr. Skinner, each award target was based on consolidated Landec performance; for Mr. Midyett, the award targets was based on Apio's annual financial results; for Mr. Hiebert, the award target was based on Lifecore's annual financial results and for Dr. Bitler, the award target was based on several specific financial goals related to the success and advancement of the Company's BreatheWay® technology and overall Landec results. No bonuses are payable if revenue or operating income was less than 80% of the target amounts; bonuses can exceed the target bonus for each NEO based on the business unit and/or consolidated Landec results exceeding the targeted amounts.

Based on the metrics described above, the Named Executive Officers' target incentive awards and actual amounts earned for fiscal year 2017 were as follows:

Name	Target as %	Actual Earned	
	of Base Salary	Target (\$)	2017 Incentive Award (\$)
Molly A. Hemmeter	100 %	\$475,000	\$331,088
Gregory S. Skinner	60 %	\$228,000	\$158,922
Ronald L. Midyett	50 %	\$170,000	\$34,000
Larry D. Hiebert	50 %	\$150,000	\$157,525
Steven P. Bitler	40 %	\$110,000	\$49,336

#### *Long-Term Incentive Compensation*

Landec provides long-term incentive compensation through equity-based and cash-based awards intended to align the interests of officers with those of the stockholders by creating an incentive for officers to maximize long-term stockholder value. At the same time, our long-term awards are designed to encourage officers to remain employed with Landec despite a competitive labor market in our industry.

## Award Types

Awards to eligible employees, including Named Executive Officers, are generally made on an annual basis. Equity-based awards typically take the form of stock options and RSUs, and are generally granted with a three-year vesting schedule. For fiscal year 2017, we also introduced performance-based cash awards to be paid under the LTIP.

Landec grants stock options because they can be an effective tool for meeting Landec's compensation goal of increasing long-term stockholder value. 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 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. Finally, we have introduced a performance-based cash LTIP to provide an incentive vehicle directly linked to our strategic goal of focusing on ROIC. We have chosen a cash-based plan to help manage our equity burn rate and avoid dilution. When earned, the cash received by an executive in the LTIP must be placed in a deferred compensation account for a minimum of one year before it can be drawn.

## LTI Grants in Fiscal Year 2017

In general, the number of long-term incentive awards granted to each executive officer is determined based on a number of qualitative factors, considered holistically, including an analysis of competitive market data, 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.

During fiscal year 2017, the Committee granted equity awards to executive officers, including our Named Executive Officers, as follows:

<b>Name</b>	<b>Stock Options (#)</b>	<b>RSUs (#)</b>
Molly A. Hemmeter	150,000	97,406
Gregory S. Skinner	—	17,826
Ronald L. Midyett	—	14,290
Larry D. Hiebert	—	13,450
Steven P. Bitler	—	—

Additionally, the Committee set the following individual target amounts for the cash-based awards to be paid under the LTIP for our NEOs, based on achieving a specific ROIC target for fiscal year 2019:

<b>Name</b>	<b>Target Amount</b>
Molly A. Hemmeter	\$327,100
Gregory S. Skinner	\$123,000
Ronald L. Midyett	\$98,600
Larry D. Hiebert (1)	\$92,800

(1)Mr. Hiebert will not receive any payment under the LTIP due to his retirement at the end of fiscal year 2017.

Each participant who continues as an employee will receive a payout that is a percentage of their individual target amount, based on a ratio of the actual ROIC to the target ROIC. The payout scale will be as follows:

<b>Actual ROIC as a % of Target</b>	<b>% of Individual Target Paid</b>
<b>ROIC</b>	
130% and above	130%
115%	115%
100%	100%
90%	75%
80%	50%
less than 80%	0%

## **VI. Additional Compensation Policies and Practices**

### ***Clawback Policy***

In May 2014, the Board of Directors adopted an executive compensation clawback policy, which provides for recoupment of executive incentive compensation in the event of certain restatements of the financial results of the Company. Under the policy, in the event of a substantial restatement of the Company's financial results due to material noncompliance with financial reporting requirements, if the Board of Directors determines in good faith that any portion of a current or former executive officer's incentive compensation was paid as a result of such noncompliance, then the Company may recover that portion of such compensation that was based on the erroneous financial data. In determining whether to seek recovery of compensation, the Board of Directors or the Committee may take into account any considerations it deems appropriate, including whether the assertion of a claim may violate applicable law or adversely impact the interests of the Company in any related proceeding or investigation, the extent to which the executive officer was responsible for the error that resulted in the restatement, and the cost and likely outcome of any potential litigation in connection with the Company's attempts to recoup such compensation.

### ***Executive Stock Ownership Requirements***

To promote a focus on long-term growth and to align the interests of the Company's officers and directors with those of its stockholder, the Board of Directors has adopted stock ownership guidelines requiring certain minimum ownership levels of Common Stock, based on position:

<b>Position</b>	<b>Requirement</b>
-----------------	--------------------

**Chief Executive Officer** 5x base salary  
**Other executive officers** 3x base salary  
**Non-executive directors** 3x annual retainer

For purposes of the guidelines, the value of a share of Common Stock is measured as the greater of (i) the then current market price or (ii) the closing price of a share of Common Stock on the date when the stock was acquired, or the vesting date in the case of RSUs.

Newly-appointed executive officers have five years from the date they are appointed or promoted to meet these guidelines. In the event of an increase in base salary, the executive officer will have two years from the date of the increase to acquire any additional shares or RSUs needed to meet the guidelines. Until the required ownership level is reached, executive officers are required to retain 50% of net shares acquired upon any future vesting of RSUs and/or exercise of stock options, after deducting shares used to pay any applicable taxes and/or exercise price.

### ***Nonqualified Deferred Compensation Plan***

On July 25, 2013, the Board approved the Nonqualified Deferred Compensation Plan (the “Deferral Plan”) for non-employee directors and certain participating employees, including the Named Executive Officers. The Deferral Plan is administered by a committee consisting of the Chief Executive Officer and the Chief Financial Officer of the Company or persons designated by them. The Deferral Plan allows non-employee directors to defer up to 100% of the fees earned for their service as director and allows participating employees to defer up to 50% of their base salary and up to 100% of their annual cash bonus. In addition, any amounts earned by an executive under the LTIP must be placed in a Deferral Plan account for a minimum of one year. Any amounts deferred by a participating employee are invested on behalf of the participating employee, and any investment returns earned thereon are credited to the participating employee’s account. Investment options are determined by the committee that administers the Deferral Plan. Each participating employee may designate the investment option or options for his or her account and may change those investment options at any time.

A participating employee may elect to receive distributions from his or her account beginning in a specified payment year no sooner than three years after the calendar year to which the deferred compensation relates, to be paid in a lump sum or in annual installments not to exceed ten years, according to the participating employee’s election. This election is made at the time when the participating employee makes an election to defer compensation. The participating employee may subsequently elect to delay the year in which deferred compensation is paid, provided that such election must be made at least 12 months before the year in which payment was previously scheduled to occur, must specify a new payment year that is at least five years after the year in which payment was to be made and will not take effect for 12 months. A participating employee will also receive distributions upon the occurrence of certain events specified in Deferral Plan, including termination of employment.

The Company has the discretion, but not the obligation, to make contributions to the Deferral Plan for the benefit of the participating employees, subject to the terms and conditions of the Deferral Plan.

### ***401(k) Plan and Other 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. The 401(k) Plan is a safe harbor plan (as defined in the Internal Revenue Code of 1986) with a safe harbor match of 100% on the first 3% of deferrals and 50% on the next 2% of each participant’s pretax contributions; and the match is calculated and paid to participants’ accounts on a payroll-by-payroll basis, subject to applicable federal limits. The 401(k) Plan does not have an associated vesting schedule. Landec also makes an annual “reconciling match” 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 makes a contribution to the participant’s account in an amount equal to the difference between the two amounts. 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 benefit 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 benefit 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.

## ***Employment Agreements***

### **Chief Executive Officer**

On October 15, 2015 the Company entered into an executive employment agreement with Ms. Hemmeter (the “***Hemmeter Agreement***”) setting forth the terms of her employment. The Hemmeter Agreement expires on December 31, 2018 unless renewed or extended by both parties, and provides that Ms. Hemmeter shall be paid an annual base salary of \$475,000 (which was increased to \$525,000 effective at the beginning of fiscal year 2018) through the term of the Hemmeter Agreement, and continue to participate in the annual Cash Incentive Award Plan. Ms. Hemmeter is also eligible for grants of equity-based awards at such times and in such amounts as determined by the Committee. See the section entitled “Employment Contracts and Potential Payments upon Termination or Change in Control” for a further discussion of the terms of the Hemmeter Agreement.

In making decisions with respect to Ms. Hemmeter’s salary, target bonus and equity compensation grant, the Committee relied on the peer group data described above and gave considerable weight to the Chief Executive Officer’s significant and direct influence over Landec’s overall performance.

### **Other Named Executive Officers**

On October 15, 2015, the Company entered into a new executive employment agreement with Mr. Skinner (the “***Skinner Agreement***”) setting forth the terms of his employment. The Skinner Agreement expires on December 31, 2018 unless renewed or extended by both parties, and provides that Mr. Skinner shall be paid an annual base salary of \$380,000 through the term of the Skinner Agreement, and continue to participate in the annual Cash Incentive Award Plan. Mr. Skinner is also eligible for grants of equity-based awards at such times and in such amounts as determined by the Committee. See the section entitled “Employment Contracts and Potential Payments upon Termination or Change in Control” for a further discussion of the terms of the Skinner Agreement.

In making decisions with respect to base salary for Named Executive Officers other than the CEO, the Committee reviews peer group data as described above and takes into account the date of the most recent adjustment in the base pay of each Named Executive Officer.

### ***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 may seek 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. Sohn (Chairperson), Dr. Bolles and Mr. Frank. During fiscal year 2017, 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 currently 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 2017. 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 2017 Annual Meeting of Stockholders and incorporated into our Annual Report on Form 10-K for the fiscal year ended May 28, 2017.

This report is submitted by the Committee:

Catherine A. Sohn, Pharm. D. (Chairperson)

Al Bolles, Ph.D.

Fred Frank

**Summary Compensation**

The following table shows compensation information for fiscal years 2017, 2016 and 2015 for the Named Executive Officers.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Non-Equity		Total (\$)
					Incentive Plan Compensation (\$ (4))	All Other Compensation (\$ (5))	
Molly A. Hemmeter President and Chief Executive Officer	2017	475,000	1,221,703	337,256	331,088	19,896	2,384,943
	2016	426,000	—	—	—	17,320	443,320
	2015	345,000	1,439,000	1,026,900	195,079	12,906	3,018,885
Gregory S. Skinner Chief Financial Officer and Vice President of Finance and Administration	2017	380,000	245,999	—	158,922	10,975	795,896
	2016	380,000	—	—	—	18,290	398,290
	2015	325,000	215,850	154,035	155,832	12,114	862,831
Ronald L. Midyett Vice President, Chief Operating Officer and President of Apio, Inc	2017	340,000	197,202	—	34,000	26,014	597,216
	2016	340,000	—	—	—	26,014	366,014
	2015	340,000	143,900	102,690	192,246	27,652	806,488
Larry D. Hiebert President of Lifecore Biomedical, Inc. and Vice President of Landec	2017	300,000	185,610	—	157,525	13,839	656,974
	2016	300,000	56,800	40,393	199,119	12,895	609,207
	2015	300,000	107,925	77,018	30,000	14,339	529,282
Steven P. Bitler Vice President of Corporate Technology	2017	275,000	—	—	49,336	11,137	335,473
	2016	273,461	—	—	—	11,029	284,490
	2015	243,750	71,950	51,300	75,119	10,686	452,805

(1) Includes amounts (if any) deferred at the election of the Named Executive Officer pursuant to the Deferral Plan.

(2) Amounts shown do not reflect compensation actually received by the Named Executive Officer. Instead, the amounts shown are the aggregate grant date fair value of RSUs granted during fiscal year 2017 computed for financial statement reporting purposes in accordance with ASC 718. 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 28, 2017. In accordance with SEC rules, these amounts exclude estimates of forfeitures in the case of awards with service-based vesting conditions.

(3) Amounts shown do not reflect compensation actually received by the Named Executive Officer. Instead, the amounts shown are the aggregate grant date fair value of stock options granted during fiscal year 2017 computed for financial statement reporting purposes in accordance with ASC 718. 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 28, 2017. In accordance with SEC rules, these amounts exclude estimates of forfeitures in the case of awards with service-based vesting conditions.

(4) Amounts consist of bonuses earned for meeting and/or exceeding financial performance targets in fiscal years 2017, 2016 and 2015 under the Company's annual Cash Incentive Award Plans.

(5) Amounts consist of Company-paid life insurance and an employer 401(k) match for all Named Executive Officers. The amount shown for Mr. Hiebert also include Company-paid disability insurance for which Mr. Hiebert, is the beneficiary. For Mr. Midyett, the amount shown includes an annual car allowance of \$15,000. For Ms. Hemmeter, the amount includes a car allowance expense of \$8,336.

**Grants of Plan-Based Awards**

The following table shows all plan-based awards granted to the Named Executive Officers during fiscal year 2017.  
The opt