

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 15, 2014**

LANDEC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

0-27446
(Commission file number)

94-3025618
(IRS Employer Identification No.)

3603 Haven Avenue, Menlo Park, California
(Address of principal executive offices)

94025
(Zip Code)

(650) 306-1650
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.**Stock Transfer Agreement**

On July 15, 2014, Apio, Inc. (“Apio”), a wholly-owned subsidiary of Landec Corporation (the “Company”), entered into a Stock Transfer Agreement (the “Transfer Agreement”) among Apio, Newell Capital Corporation (“Newell”) and Windset Holdings 2010 Ltd., a Canadian corporation (“Windset”). Pursuant to the Transfer Agreement, the Company has purchased from Newell 68 shares of Common Stock (the “Common Shares”) and 15,857 shares of Junior Preferred Stock (the “Junior Shares”) of Windset, for an aggregate purchase price of \$11 million. The purchase of the Junior Shares represents an ownership of 8.5% of outstanding Windset Junior Preferred Stock and the purchase of the Common Shares represents a 6.8% increase in Apio’s ownership in Windset and increases Apio’s total Common Stock ownership in Windset to 26.9%.

The Common Stock and the Junior Shares, together with the \$15 million of Senior Preferred Stock of Windset purchased by Apio in 2011 (the “Senior Shares”), are subject to put and call options pursuant to which Apio may exercise a put to sell its shares to Windset at a specific price or Windset may exercise a call to purchase the same shares at the same price. Under these options, beginning on February 15, 2017, Apio may elect to sell its Common Stock and Senior Shares to Windset, or Windset may elect to purchase Apio’s Common Stock and Senior Shares, in each case at a price equal to 26.9% of the then fair market value of Windset plus the original \$15 million purchase price of the Senior Shares. Similarly, beginning February 15, 2020, Apio may elect to sell its Junior Shares to Windset, or Windset may elect to purchase Apio’s Junior Shares, in each case at a price of \$5.1 million.

The Junior Shares are entitled to annual dividends of up to 7.5% as determined by Windset’s Board of Directors. Such dividends are payable pro rata among all holders of Junior Shares. Under the terms applicable to the Senior Shares, any dividends paid on the Junior Shares are also payable pro rata on the Senior Shares in addition to the cumulative dividends to which the Senior Shares are currently entitled.

The foregoing description of the Transfer Agreement does not purport to be complete and is subject to, and qualified in its entirety by, reference to the Transfer Agreement, a copy of which is attached hereto as Exhibit 10.1 and the terms of which are incorporated herein by reference.

The full text of the press release, dated July 18, 2014, announcing the purchase of the Common Shares and the Junior Shares, is attached as Exhibit 99.1 to this Report is incorporated by reference herein.

Amendment to Credit Agreement with General Electric Capital Corporation

Apio, its wholly-owned subsidiaries, CalEx Trading Company (“CalEx”) and Greenline Logistics, Inc. (“Greenline”), and General Electric Capital Corporation (“GECC”) have entered into a Second Amendment to Credit Agreement dated as of July 17, 2014 (the “Amendment”), the terms of which are described in Item 2.03 of this Report, which is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On July 17, 2014, Apio, CalEx, Greenline and GECC entered into the Amendment, which amends the Credit Agreement dated April 23, 2012 among the parties. Under the Amendment, the parties have agreed to increase the current revolving line of credit from \$25 million to \$40 million, reduce the interest rate from LIBOR plus 2.0% to LIBOR plus 1.75%, extend the term to July 17, 2019 and make certain other changes.

The foregoing description of the Amendment does not purport to be complete and is subject to, and qualified in its entirety by, reference to the Transfer Agreement, a copy of which is attached hereto as Exhibit 10.2 and the terms of which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Stock Transfer Agreement dated July 15, 2014 among Apio, Inc., Newell Capital Corporation and Windset Holdings 2010 Ltd.
10.2	Second Amendment to Credit Agreement dated July 17, 2014 among Apio, Inc., CalEx Trading Company, Greenline Logistics, Inc. and General Electric Capital Corporation (The First Amendment to the Credit Agreement dated May 17, 2013 was not considered to be material and was not filed. That amendment has been superseded by this amendment.)
99.1	Press Release dated July 18, 2014

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 21, 2014

LANDEC CORPORATION

By: /s/ Gregory S. Skinner

Gregory S. Skinner
Vice President of Finance and Administration and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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99.1	Press Release dated July 18, 2014

STOCK TRANSFER AGREEMENT

This Stock Transfer Agreement (the "Agreement") is made and entered into as of July 15, 2014, by and among Newell Capital Corporation (the "Transferor"), Apio, Inc. (the "Transferee") and Windset Holdings 2010 Ltd., a Canadian corporation (the "Company") (Transferor, Transferee, together with the Company, the "Parties").

AGREEMENT

The Parties hereby agree as follows:

1. **Transfer and Sale.** Subject to the terms and conditions of this Agreement and the Shareholders' Agreement, by and among the Company, Transferor, Transferee, Dr. John P. Newell, John Newell, Steven Newell and Sylvia Helen Newell, dated as of February 15, 2011 (as amended to date, the "Related Agreement", and as may be amended, or amended and restated from time to time), Transferor agrees to transfer and sell 68 shares of Common Stock of the Company (the "Common Shares") and 15,857 shares of Junior Preferred Stock of the Company ("the "Junior Preferred Shares" and collectively with the Common Shares, the "Shares") to Transferee, and Transferee agrees to purchase the Shares from Transferor, as of the Closing Date (as defined below), for an aggregate purchase price of US\$11,000,000 (the "Purchase Price").

2. **Closing; Delivery.** The transfer and sale of the Shares pursuant to this Agreement shall occur simultaneously with the execution of this Agreement by the Parties (the "Closing Date"). On the Closing Date, Transferor shall deliver to Transferee:

(a) a certificate or certificates representing the Shares, registered in the name of Transferor, duly endorsed by Transferor for transfer to Transferee or accompanied by an Assignment Separate from Certificate in the form attached to this Agreement as Exhibit A executed by Transferor in favor of Transferee against payment of the Purchase Price, which shall be paid by cash, check, or wire transfer to a bank account designated by Transferor, and

(b) a fully executed Consent to Transfer and Waiver of First Offer Rights in the form attached hereto as Exhibit B.

3. **Representations and Warranties of Transferor.** In connection with the sale and transfer of the Shares to Transferee, Transferor hereby represents and warrants as of the date hereof that:

(a) **Authorization.** Transferor has all necessary power and authority to execute, deliver and perform Transferor's obligations under this Agreement and all agreements, instruments and documents contemplated hereby and to sell and deliver the Shares being sold hereunder, and this Agreement constitutes a valid and binding obligation of Transferor.

(b) **Ownership.** Transferor is the sole beneficial owner of the Shares and that the Shares are free and clear of any liens, pledges, security interests, claims, equitable interests or encumbrances (other than restrictions on transfer under applicable state and federal laws, and restrictions under the Related Agreement). Transferor further represents that Transferor has good and marketable title to the Shares and the right and authority to sell the Shares to Transferee pursuant to this Agreement and without any third party consent.

(c) **No Conflict.** The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not result in any violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any provision of any instrument, judgment, order, writ, decree or contract (including, without limitation, the Related Agreement) or an event which results in the creation of any lien, charge or encumbrance upon the Shares.

(d) **Validity.** This Agreement, when executed and delivered by such Transferor, will constitute the valid and legally binding obligation of Transferor, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies.

(e) **Informed Decision.** Transferor has substantial investment experience so that Transferor has the capacity to protect his own interests and is fully capable of evaluating the merits and risks of the sale of the Shares hereunder. Transferor acknowledges and agrees that (i) Transferor is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to sell the Shares hereunder, (ii) Transferor has made his own decision to sell the Shares hereunder without reliance on the Company or any other party, including without limitation, Transferee, (iii) Transferor has had a full, fair and complete opportunity to value the Shares, (iv) there is no established trading market for the Shares, (v) the Purchase Price may not be indicative of the actual fair market value of the Shares, and (vi) the value of the Shares may increase or decrease substantially over time. In full understanding of the possibility that, at the present time or in the future, the Shares could be worth substantially more or less than the Purchase Price, Transferor has voluntarily entered into this Agreement and determined to sell the Shares to Transferee hereunder.

4. **Representations and Warranties of Transferee.** In connection with the transfer of the Shares to Transferee, Transferee represents and warrants as of the date hereof that:

(a) **Purchase Entirely For Own Account.** Transferee is acquiring the Shares for investment for Transferee's own account only and not with a view to, or for resale in connection with, any "distribution" of the Shares within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). Transferee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to purchase the Shares.

(b) **Restricted Securities.** Transferee understands that the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Transferee's investment intent as expressed herein. Transferee understands that the Shares are "restricted securities" under applicable U.S. federal and state laws and that, pursuant to these laws, Transferee must hold the Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Transferee acknowledges that the Company has no obligation to register or qualify the Shares for resale. Transferee further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Shares, and requirements relating to the Company which are outside of Transferee's control, and which the Company is under no obligation and may not be able to satisfy.

(c) **Accredited Investor.** Transferee is an accredited investor as defined in Rule 501(a) of Regulation D of the Securities Act and has such knowledge and experience in financial and business matters that Transferee is capable of evaluating the merits and risks of acquiring the Shares.

(d) **Transfer Restrictions.** Transferee will not sell, transfer, pledge or otherwise dispose of any Shares received by Transferee unless and until (a) such Shares are subsequently registered under the Securities Act and any applicable state securities laws, or (b) both (i) an exemption from such registration is available thereunder, and (ii) such transfer will not require registration of such Shares under the Securities Act. Transferee understands that the Company is not obligated, and does not intend, to register any such Shares either under the Securities Act or any state securities laws. Transferee authorizes the Company to issue stop transfer instructions to its Shares' transfer agent, or, so long as the Company may act as its own transfer agent, to make a stop transfer notation in its appropriate records, in order to ensure Transferee's compliance with this provision.

(e) **Informed Decision.** Transferee has substantial investment experience so that Transferee has the capacity to protect its own interests and is fully capable of evaluating the merits and risks of purchasing the Shares. Transferee acknowledges and agrees that (i) Transferee is aware of the Company's business affairs and financial condition and has acquired, other than from Transferor, sufficient information about the Company to reach an informed and knowledgeable decision to purchase the Shares hereunder, (ii) Transferee has made its own decision to purchase the Shares hereunder without reliance on the Company or any other party, including without limitation, Transferor, except for the representations and warranties set forth in Section 3 herein, (iii) Transferee has had a full, fair and complete opportunity to value the Shares, (iv) there is no established trading market for the Shares, (v) the Purchase Price may not be indicative of the actual fair market value of the Shares, and (vi) the value of the Shares may increase or decrease substantially over time. In full understanding of the possibility that, at the present time or in the future, the Shares could be worth substantially more or less than the Purchase Price, Transferee has voluntarily entered into this Agreement and determined to purchase the Shares from Transferor hereunder.

5. **Agreements.**

(a) Transferee and Transferor agree to continue to be bound by the terms and conditions applicable to such parties set forth in the Related Agreement in regards to the Shares and all other shares of capital stock of the Company held by such parties. Transferee and Transferor further agree that this Agreement waives all rights of first refusal provided under Section 6.3 of the Related Agreement and consent to the transfer of Shares hereunder.

(b) Transferee agrees that the exercisability of the Put and Call Options associated with the Junior Preferred Shares purchased by it pursuant to this Agreement (as further described in Section 6.4 of the Related Agreement) shall commence on February 15, 2020, rather than the sixth anniversary of the Closing Date (as defined in the Related Agreement). The remainder of the terms associated with the Put and Call Options (as set forth in the Related Agreement) shall remain unadjusted.

6. **Legends.** Transferee authorizes the Company and its agents to place on each certificate for shares which Transferee may acquire pursuant to this Agreement:

- (a) any legends required under the Related Agreement; and
- (b) any legends required under state securities laws.

7. **Company Consent.** Company fully consents to the transfer and sale of the Shares under this Agreement. Company is a party to this Agreement solely for purposes of Sections 5 (agreements to be bound), this Section 7, and 10(e) (further transfers of stock) and makes no representation or warranty as to the legality of the transfer of the Shares hereunder; provided, however, that nothing in this Section 7 shall in any way limit the Company's right to claim any benefits inuring to it under any other sections of this Agreement. Promptly after receipt of Transferor's certificate or certificates representing the Shares, Company shall issue and deliver to Transferee a certificate or certificates representing the Shares in the name of Transferee and shall record the sale and purchase hereunder on its books and records.

8. **Release.**

(a) Transferor and Transferee each, on behalf of itself and on behalf of its predecessors and successors, past and present agents, representatives, partners, directors, officers, attorneys, employees, servants, shareholders, affiliates, subsidiaries, heirs, executors, administrators and assigns, as well as any person acting by, through, under or in concert with any of the foregoing does hereby release and forever discharge the Company, and its predecessors and successors, past and present agents, representatives, partners, directors, officers, attorneys, employees, servants, shareholders, affiliates, subsidiaries, heirs, executors, administrators and assigns, as well as any person acting by, through, under or in concert with any of the foregoing, from any and all claims, demands, causes of action, obligations, damages, losses, liabilities, contracts, agreements, promises, debts, costs and expenses of any kind whatsoever, whether at law or in equity, asserted or unasserted, known or unknown, suspected or unsuspected, fixed or contingent (collectively, "Claims") and individually, "Claim"), which such party ever had, now has, or may claim to have against the Company, relating to or arising from the transfer and sale of the Shares.

(b) Transferor and Transferee each hereby acknowledge, severally and not jointly, that such party has been advised by legal counsel, is familiar with and fully understands the provisions of California Civil Code Section 1542 which provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor." Having been so advised, each of Transferor and Transferee nevertheless elects to and does assume all risks for Claims known or unknown, suspected or unsuspected, heretofore arising from the subject of this Section 8, and specifically waives any rights it may have under Section 1542, as well as under any other statute or common-law principle with a similar effect.

9. **Voluntary Execution of Agreement.** This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto. The Parties acknowledge that:

(a) they have read this Agreement;

(b) they have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) they understand the terms and consequences of this Agreement and of the releases it contains; and

(d) they are fully aware of the legal and binding effect of this Agreement.

10. **Miscellaneous.**

(a) **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the Parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

(b) **Entire Agreement; Amendment.** Except as expressly set forth herein, this Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter herein and merges all prior discussions between them concerning such subject matter. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the Parties to this Agreement.

(c) **Notices.** Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (a) upon personal delivery or when sent by e-mail, or (b) upon the expiration of five days following deposit with the United States Postal Service, by registered or certified mail, return receipt requested, postage prepaid, or (c) upon delivery by an overnight courier which provides evidence of delivery addressed to the party as shown on the signature pages hereto, or at such other address as any party may designate by ten (10) days' advance written notice to the other parties hereto. Any such notice shall also be sent, if to the Transferee, with a copy (which copy shall not constitute notice to the Company) to Orrick, Herrington & Sutcliffe LLP, c/o Dolph Hellman, 405 Howard St., San Francisco, CA 94105.

(d) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(e) **Successors and Assigns; Transfer of Shares.** The rights and obligations of Transferee under this Agreement may only be assigned with the prior written consent of the Company. Transferee understands that the Company is entitled to withhold its consent to transfer of the Shares or assignment of Transferee's rights and obligations under this Agreement unless Transferee requires as a condition to any such transfer or assignment that Transferee's transferees or assigns execute an agreement similar to this Agreement or otherwise agree to be bound by terms and conditions similar to those contained in this Agreement.

[Signature pages follow]

The Parties have executed this Stock Transfer Agreement as of the date first set forth above.

TRANSFEROR:

APIO, INC.

By: /s/ Gregory S. Skinner
(Signature)

Name: Gregory S. Skinner

Title: Vice President

Address: Attn: Chief Executive Officer
 P.O. Box 727
 Guadalupe, CA 93434
 rmidyett@apioinc.com

TRANSFeree:

NEWELL CAPITAL CORPORATION

By: /s/ Steven Newell
(Signature)

Name: Steven Newell

Title: Director

Address: 3660-41B Street
 Delta, BC V4K 3N2

SIGNATURE PAGE TO STOCK TRANSFER AGREEMENT

The Parties have executed this Stock Transfer Agreement as of the date first set forth above.

COMPANY:

WINDSET HOLDINGS 2010 LTD.

By: /s/ Steven Newell

(Signature)

Name: Steven Newell

Title: Director

Address: Attn: Chief Financial Officer
3660 41-B Street
Delta, BC Canada V4K 3N2
tmartin@windset.com

SIGNATURE PAGE TO STOCK TRANSFER AGREEMENT

EXHIBIT A

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED and pursuant to that certain Stock Transfer Agreement by and among the undersigned ("Transferor"), Apio, Inc. ("Transferee") and Windset Holdings 2010 Ltd. (the "Company"), dated _____, 2014, Transferor hereby sells, assigns and transfers unto Transferee 68 shares of Common Stock of the Company and 15,857 shares of Junior Preferred Stock of the Company, standing in Transferor's name on the Company's books and represented by Certificate No. CS-__ and Certificate No. JP-__, respectively, and does hereby irrevocably constitute and appoint the Company as transfer agent with authority to transfer said stock on the books of the Company with full power of substitution in the premises.

Dated: _____

NEWELL CAPITAL CORPORATION

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT B

CONSENT TO TRANSFER AND WAIVER OF RIGHT OF FIRST REFUSAL

Reference is made to that certain Stock Transfer Agreement by and among the undersigned ("Transferor"), Apio, Inc. ("Transferee") and Windset Holdings 2010 Ltd. (the "Company"), dated as of _____, 2014 (the "Stock Transfer Agreement") and that certain Shareholders' Agreement by and among the Company, Transferor, Transferee, Dr. John P. Newell, John Newell, Steven Newell and Sylvia Helen Newell, dated as of February 15, 2011 (as amended to date, the "Related Agreement"). The undersigned hereby (i) consent to the transfer of 68 shares of Common Stock of the Company and 15,857 shares of Junior Preferred Stock of the Company from the Transferor to the Transferee contemplated by the Stock Transfer Agreement (the "Share Transfer"), (ii) waive all rights of first refusal under section 6.3 of the Related Agreement in connection with the Share Transfer and (iii) agree to deem the Share Transfer as a "Permitted Transfer" under the Related Agreement.

Dated: _____

DR. JOHN P. NEWELL

By: _____
(Signature)

Dated: _____

JOHN NEWELL

By: _____
(Signature)

Dated: _____

STEVEN NEWELL

By: _____
(Signature)

Dated: _____

SYLVIA HELEN NEWELL

By: _____
(Signature)

SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT TO CREDIT AGREEMENT ("Amendment") dated as of July 17, 2014, by and among APIO, INC., a Delaware corporation ("Apio"), CAL EX TRADING COMPANY, a Delaware corporation ("Cal Ex"), GREENLINE LOGISTICS, INC., an Ohio corporation ("GLI") and together with Apio and Cal Ex, each, a "Borrower" and collectively, "Borrowers", the other Credit Parties party hereto, GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, as agent (in such capacity, "Agent") for the lenders ("Lenders") from time to time party to the Credit Agreement referred to below, and Lenders.

RECITALS

A. Borrowers, the other Credit Parties signatory thereto, Agent and Lenders are parties to the Credit Agreement dated as of April 23, 2012, as amended by the First Amendment to Credit Agreement dated as of May 17, 2013 (collectively, the "Credit Agreement"), pursuant to which Lenders agreed to provide certain financial accommodations to or for the benefit of Borrowers and the other Credit Parties upon the terms and conditions contained therein. Unless otherwise defined herein, capitalized terms and matters of construction defined and established in **Article 11** of the Credit Agreement shall be applied herein as defined and established therein.

B. Borrowers have requested that Agent and Lenders amend certain provisions of the Credit Agreement, and Agent and Lenders are willing to so amend on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the continued performance by Borrowers and the other Credit Parties of their respective promises and obligations under the Credit Agreement and the other Loan Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrowers, the other Credit Parties party hereto, Agent and Lenders hereby agree as follows:

1. Ratification and Incorporation of Credit Agreement and Other Loan Documents. Except as expressly modified by this Amendment, (a) each Borrower and each other Credit Party party hereto hereby acknowledges, confirms and ratifies all of the terms and conditions set forth in, and all of its obligations under, the Credit Agreement and the other Loan Documents, and (b) all of the terms and conditions set forth in the Credit Agreement and the other Loan Documents are incorporated herein by this reference as if set forth in full herein. Without limiting the generality of the foregoing, each Borrower and each other Credit Party party hereto acknowledges and agrees that as of July 16, 2014, (y) the aggregate outstanding principal amount of Revolving Loans was \$11,000,000, and (z) the aggregate outstanding principal amount of Letter of Credit Obligations was \$0.00. Each Borrower and each other Credit Party party hereto (y) represents that it has no offset, defense, counterclaim, dispute or disagreement of any kind or nature whatsoever with respect to the amount of the Obligations, and (z) reaffirms the granting of all Liens previously granted pursuant to the Loan Documents to secure all Obligations.

SECOND AMENDMENT

2. Amendment of Credit Agreement.

2.1 The following new definitions of “Consolidated Borrowing Base,” “Equipment Loan Collateral Schedule A,” “Equipment Loan Collateral Schedule B,” “Equipment Loan Note A,” “Equipment Loan Note B,” “Equipment Loan Supplements,” “Second Amendment Disclosure Letter” and “Second Amendment Effective Date” are hereby added to **Section 11.1** of the Credit Agreement:

“Consolidated Borrowing Base” means the Borrowing Bases of all Borrowers on a consolidated basis.

“Equipment Loan Collateral Schedule A” means that certain Collateral Schedule No. 8727912-001, dated as of the Closing Date, by and between GE Capital (or any of its Affiliates) and Apio.

“Equipment Loan Collateral Schedule B” means the Collateral Schedule to be executed by and between GE Capital (or any of its Affiliates) and Apio in connection with the Equipment Loan Note B.

“Equipment Loan Note A” means the promissory note in the original principal amount of \$12,660,000, dated as of the Closing Date, made payable by Apio to the order of GE Capital (or any of its affiliates).

“Equipment Loan Note B” means the promissory note in the original principal amount of up to \$11,500,000, to be dated after the Second Amendment Effective Date but prior to August 15, 2014, made payable by Apio to the order of GE Capital (or any of its Affiliates) (nothing contained herein to be construed as an obligation or commitment by any party to make the loan with respect to such promissory note).

“Equipment Loan Supplements” means additional equipment loans made to one or more Borrowers by GE Capital (or any of its Affiliates) after the Second Amendment Effective Date in an aggregate principal amount not to exceed \$25,000,000 less the original principal amount of the Equipment Loan Note B (nothing contained herein to be construed as an obligation or commitment by any party to make any such additional equipment loans).

“Second Amendment Disclosure Letter” means that certain Disclosure Letter dated as of the Second Amendment Effective Date, made by the Credit Parties in favor of Agent and Lenders.

“Second Amendment Effective Date” means July 17, 2014.

2.2 The definitions of “Aggregate Revolving Commitment,” “Applicable Margin,” “Borrowing Base,” “Equipment Loan Collateral,” “Equipment Loan Collateral Schedule,” “Equipment Loan Documents,” “Foreign Eligible Percentage” and “Revolving Termination Date” set forth in **Section 11.1** of the Credit Agreement are hereby deleted in its entirety and the following are substituted therefor:

SECOND AMENDMENT

“Aggregate Revolving Loan Commitment” means the combined Revolving Loan Commitments of the Lenders, which shall be in the amount of \$40,000,000, as such amount may be reduced from time to time pursuant to this Agreement.

“Applicable Margin” means (a) with respect Base Rate Loans, three-quarters of one percent (0.75%) per annum and (b) with respect to LIBOR Rate Loans, one and three-quarters of one percent (1.75%) per annum. Notwithstanding anything herein to the contrary, Swing Loans may not be LIBOR Rate Loans.

“Borrowing Base” means, as of any date of determination by Agent, from time to time, an amount equal to the sum at such time of:

- (a) up to eighty-five percent (85%) of the book value of Eligible Accounts (other than Foreign Eligible Accounts) at such time; and
- (b) up to the Foreign Eligible Percentage of the book value of Foreign Eligible Accounts at such time; and
- (c) up to eighty-seven and one-half of one percent (87.5%) of the book value of Eligible Inventory (other than Foreign Eligible In-Transit Inventory), multiplied by the NOLV Factor; and
- (d) up to the Foreign Eligible Percentage of the book value of Foreign Eligible In-Transit Inventory, multiplied by the NOLV Factor;

in each case less Reserves established by Agent at such time in its Permitted Discretion.

“Equipment Loan Collateral” means all of the equipment and related collateral described in the Equipment Loan Collateral Schedule A, the Equipment Loan Collateral Schedule B, and in any Collateral Schedule delivered in connection with any Equipment Loan Supplement.

“Equipment Loan Documents” means and includes the Equipment Loan Collateral Schedule A, the Equipment Loan Collateral Schedule B, each Master Security Agreement by and between GE Capital (or any of its Affiliates) and Apio which is incorporated by reference into the Equipment Loan Collateral Schedule A, the Equipment Loan Collateral Schedule B, the Equipment Loan Note A, the Equipment Loan Note B, any documents, instruments and agreements executed and delivered in connection with any Equipment Loan Supplement, and all documents, instruments and agreements related to any of the foregoing.

“Foreign Eligible Percentage” means (a) with respect to any Foreign Eligible Accounts, the lesser of (i) 85% or (ii) the “Insured Percentage” with respect to such Accounts as set forth in the applicable policy of Foreign Credit Insurance minus five percent (5.0%), and (b) with respect to any Foreign Eligible In-Transit Inventory, the lesser of (i) 87.5% or (ii) the “Insured Percentage” with respect to such Inventory as set forth in the applicable policy of Foreign Credit Insurance minus five percent (5.0%).

“Revolving Termination Date” means the earlier to occur of: (a) July [], 2019; and (b) the date on which the Aggregate Revolving Loan Commitment shall terminate in accordance with the provisions of this Agreement.

2.3 The definition of “Maximum Revolving Loan Balance” set forth in **Section 2.1** of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

“Maximum Revolving Loan Balance” from time to time will be the lesser of (x) the Consolidated Borrowing Base (as calculated pursuant to the Borrowing Base Certificates) in effect from time to time less those Reserves, including the PACA Reserve, imposed by Agent in its Permitted Discretion, or (y) the Aggregate Revolving Loan Commitment then in effect; less, in either case, the sum of (x) the aggregate amount of Letter of Credit Obligations plus (y) outstanding Swing Loans.

2.4 The reference to “5,000,000” set forth in **Section 2.2(d)** of the Credit Agreement shall hereafter be deemed to be a reference to “\$8,000,000.”

2.5 The respective references to “Closing Date” set forth in **Sections 3.5, 3.7, 3.8, 3.9, 3.10, 3.11, 3.15, 3.18, 3.19, 3.22, 3.23, 3.24, 3.25, and 3.27** of the Credit Agreement shall hereafter be deemed to be references to “Second Amendment Effective Date.”

2.6 The respective references to “Disclosure Letter” set forth in **Sections 3.18, 3.22, and 4.6** of the Credit Agreement shall hereafter be deemed to be references to “Second Amendment Disclosure Letter.”

2.7 **Section 4.1(a)** of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(a) (i) together with each delivery of financial statements pursuant to Sections 4.1(a) and, for each Fiscal Quarter, 4.1(b), a management discussion and analysis report, in reasonable detail, signed by the chief financial officer of Borrower Representative, describing the operations and financial condition of the Credit Parties and their Subsidiaries for the Fiscal Quarter and the portion of the Fiscal Year then ended (or for the Fiscal Year then ended in the case of annual financial statements), and (ii) together with each delivery of financial statements pursuant to Sections 4.1(a) and 4.1(b), a report setting forth in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year and the corresponding figures from the most recent projections for the current Fiscal Year delivered pursuant to Section 4.2(k) and discussing the reasons for any significant variations;

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2.8 The first clause of **Section 4.1(i)** of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(i) unless otherwise waived in writing by Agent in its sole discretion, to Agent, at the time of delivery of each of the monthly financial statements delivered pursuant to Section 4.1(b);

2.9 **Section 4.2(b)** of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

(b) concurrently with the delivery of the financial statements referred to in Sections 4.1(a) and, for each Fiscal Quarter, 4.1(b), a fully and properly completed Compliance Certificate in the form of Exhibit 4.2(b), certified on behalf of the Borrowers by a Responsible Officer of Borrower Representative;

2.10 **Section 6.1** of the Credit Agreement is hereby deleted in its entirety and the following is substituted therefor:

6.1 Fixed Charge Coverage Ratio. On any date that Availability is less than \$12,000,000, Credit Parties shall not permit the Fixed Charge Coverage Ratio for the 12-fiscal month period ending as of the last day of the most recent Fiscal Quarter for which monthly financial statements have been delivered to Agent in accordance with **Section 4.1(b)**, to be less than 1.10 to 1.00.

“Fixed Charge Coverage Ratio” shall be calculated in the manner set forth in Exhibit 4.2(b).

2.11 Schedules 1.1(a) (Revolving Loan Commitments), 3.5 (Litigation), 3.7 (ERISA), 3.9 (Ownership of Property; Liens), 3.12 (Environmental), 3.15 (Labor Relations), 3.16 (Intellectual Property), 3.19 (Ventures, Subsidiaries and Affiliates; Outstanding Stock), 3.20 (Jurisdiction of Organization; Chief Executive Office), 3.21 (Locations of Inventory, Equipment and Books and Records), 3.23 (Government Contracts), and 3.25 (Bonding) to the Credit Agreement are hereby deleted in their entirety and the corresponding Schedules attached hereto as Exhibit 2.6 are substituted therefor.

2.12 Exhibit D to Exhibit 4.2(b) (Compliance Certificate) to the Credit Agreement is hereby deleted in its entirety and substituted with Exhibit 2.6 attached hereto.

3. Conditions to Effectiveness. The effectiveness of this Amendment is subject to satisfaction of each of the following conditions:

3.1 receipt by Agent of copies of this Amendment duly executed by each Borrower and Lenders;

3.2 receipt by Agent of a copy of the Amended and Restated Revolving Note duly executed by each Borrower in favor of GE Capital

Bank;

SECOND AMENDMENT

3.3 receipt by Agent of a copy of the Amended and Restated Fee Letter duly executed by each Borrower in favor of GE Capital;

3.4 receipt by Agent of a copy of the Second Amendment Disclosure Letter duly executed by each Borrower;

3.5 receipt by Agent of a copy of the Acknowledgment of Parent duly executed by Landec;

3.6 receipt by Agent of a copy of the Acknowledgment of Creditor duly executed by General Electric Capital Corporation;

3.7 receipt by Agent of a certificate from an authorized person of each Borrower certifying to (a) the articles/certificate of formation or other applicable formation document and all amendments thereto, of such Borrower, certified by the secretary of the state of its jurisdiction of formation, (b) the bylaws/operating agreement or other applicable governing document, and all amendments thereto, of such Borrower, (c) resolutions of such Borrower, and (d) the incumbency and signatures of the officers or representatives of such Borrower executing this Amendment and the other Loan Documents to which it is a party on the Second Amendment Effective Date;

3.8 receipt by Agent of a certificate of Borrower Representative to the effect that (a) each condition set forth in Sections 3.12 and 3.13 have been satisfied, and (b) both the Borrowers taken as a whole and each Borrower individually are Solvent after giving effect to the consummation of the transactions contemplated by this Amendment, including the payment of all fees and expenses payable hereunder;

3.9 receipt by Agent of (a) the legal opinion of Orrick, Herrington & Sutcliffe LLP, special counsel for Borrowers, and (b) Squire Patton Boggs (US) LLP, special Ohio counsel for GLI, each in form and substance satisfactory to Agent;

3.10 receipt by Agent of such other documents and certificates as Agent may reasonably request relating to the authorization of this Amendment and the transactions contemplated hereby by each Borrower and any other legal matters relating to Borrowers, the Loan Documents or the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Agent;

3.11 payment by Borrowers of all fees and other amounts due and payable by them on or prior to the Second Amendment Effective Date, including the reimbursement or payment of all reasonable out-of-pocket expenses (including the reasonable fees and expenses of counsel) incurred in connection with this Amendment;

3.12 since May 26, 2013, there has been no Material Adverse Effect; and

3.13 the absence of any Default or Event of Default.

4. Entire Agreement. This Amendment, together with the Credit Agreement and the other Loan Documents, is the entire agreement between the parties hereto with respect to the subject matter hereof. This Amendment supersedes all prior and contemporaneous oral and written agreements and discussions with respect to the subject matter hereof. Except as otherwise expressly modified herein, the Loan Documents shall remain in full force and effect.

SECOND AMENDMENT

5. Representations and Warranties. Each Borrower and each other Credit Party party hereto hereby represents and warrants to Agent and Lenders that:

5.1 the representations and warranties contained in the Credit Agreement (as amended hereby) were true and correct in all material respects when made and, except to the extent that (a) a particular representation or warranty by its terms expressly applies only to an earlier date, or (b) any Borrower has previously advised Agent in writing as contemplated under the Credit Agreement, are true and correct in all material respects as of the date hereof;

5.2 the execution, delivery, and performance by each Borrower of this Amendment and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate or other organizational action on behalf of each Borrower; and

5.3 this Amendment has been duly and validly executed by each Borrower and constitutes the legal, valid, and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6. Release.

6.1 Each Borrower and each other Credit Party party hereto, for itself and on behalf of its successors and assigns hereby remises, releases and forever discharges each of Agent and each Lender, and their respective present and former officers, directors, stockholders, employees, agents, attorneys, successors and assigns (collectively, the "Released Parties") from any and all claims, rights, actions, causes of action, suits, liabilities, defenses, damages and costs that both (a) exist or may exist as of the date hereof and (b) arise from or otherwise relate to the Credit Agreement, the other Loan Documents or any transaction contemplated thereby, the administration of the Loans and other financial accommodations made thereunder, the collateral security given in connection therewith, or any related discussions or negotiations, in each case whether known or unknown, suspected or unsuspected. Each Borrower and each other Credit Party party hereto waives any and all claims, rights and benefits it may have under any law of any jurisdiction that would render ineffective a release made by a creditor of claims that the creditor does not know or suspect to exist in its favor at the time of executing the release and that, if known by it, would have materially affected its settlement with the applicable debtor. Without limiting the foregoing, each Borrower and each other Credit Party party hereto waives the provisions of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

SECOND AMENDMENT

6.2 Each Borrower and each other Credit Party party hereto acknowledges that it has been represented by independent legal counsel of its own choice throughout all of the negotiation that preceded the execution of this Amendment and that it has executed this Amendment after receiving the advice of such independent legal counsel.

6.3 Each Borrower and each other Credit Party party hereto understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

6.4 Each Borrower and each other Credit Party party hereto, on behalf of itself and its successors and assigns, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of Agent, each Lender and each of the other Released Parties that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) Agent, any Lender or any other Released Party on the basis of any claim released, remised and discharged by such Borrower or Credit Party pursuant to this **Section 6**. If any Borrower or other Credit Party or any of its successors or assigns violates the foregoing covenant, each Borrower and each other Credit Party party hereto, for itself and its successors and assigns, jointly and severally agrees to pay, in addition to such other damages as Agent, any Lender or any other Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by Agent, any such Lender or any such other Released Party.

7. Miscellaneous.

7.1 Counterparts. This Amendment may be executed in identical counterpart copies, each of which shall be an original, but all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or electronic transmission in either Tagged Image Format File (TIFF) or Portable Document Format (PDF) shall be effective as delivery of a manually executed counterpart thereof.

7.2 Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment, and are not to be taken into consideration in interpreting this Amendment.

7.3 Recitals. The recitals set forth at the beginning of this Amendment are true and correct, and such recitals are incorporated into and are a part of this Amendment.

7.4 Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws.

7.5 Effect of Amendment; No Novation.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of Agent and Lenders under any Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in any Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Except as expressly set forth herein, nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in any Loan Document in similar or different circumstances.

(b) From and after the Second Amendment Effective Date, the terms “Agreement,” “this Agreement,” “herein,” “hereinafter,” “hereto,” “hereof” and words of similar import, as used in the Credit Agreement, shall refer to the Credit Agreement as amended hereby, and the term “Credit Agreement,” as used in any Loan Document, shall mean the Credit Agreement as amended hereby. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

(c) Neither this Amendment nor the effectiveness of the Credit Agreement shall extinguish the obligations for the payment of money outstanding under the Credit Agreement or discharge or release any guaranty thereof. Nothing herein contained shall be construed as a substitution or novation of the Obligations outstanding under the Credit Agreement, the Guaranty and Security Agreement or the other Loan Documents, which shall remain in full force and effect, except as modified hereby. Nothing expressed or implied in this Amendment, the Credit Agreement or any other document contemplated hereby or thereby shall be construed as a release or other discharge of the Borrowers under the Credit Agreement or any Credit Party under any Loan Document from any of its obligations and liabilities thereunder.

7.6 No Waiver. Except as expressly provided in **Section 2** above, the execution, delivery, and effectiveness of this Amendment shall not (a) limit, impair, constitute a waiver of, or otherwise affect any right, power, or remedy of Agent or any Lender under the Credit Agreement or any other Loan Document, (b) constitute a waiver of any provision in the Credit Agreement or in any of the other Loan Documents, or (c) alter, modify, amend, or in any way affect any of the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

7.7 Conflict of Terms. In the event of any inconsistency between the provisions of this Amendment and any provision of the Credit Agreement, the terms and provisions of this Amendment shall govern and control.

[signature pages follow]

SECOND AMENDMENT

IN WITNESS WHEREOF, this Second Amendment to Credit Agreement has been duly executed as of the date first written above.

“Borrowers”

APIO, INC.

By: _____

Name: _____

Title: _____

CAL EX TRADING COMPANY

By: _____

Name: _____

Title: _____

GREENLINE LOGISTICS, INC.

By: _____

Name: _____

Title: _____

SECOND AMENDMENT

“Agent”
GENERAL ELECTRIC CAPITAL CORPORATION

By: _____
Eric J. Watson
Duly Authorized Signatory

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“Lender”

GE CAPITAL BANK, formerly known as GE Capital Financial Inc.

By: _____
Woodrow Broaders, Jr.
Duly Authorized Signatory

SECOND AMENDMENT

EXHIBIT 2.6

(Schedules)

[see attached]

SECOND AMENDMENT

EXHIBIT 2.7

EXHIBIT D TO EXHIBIT 4.2(b)
COMPLIANCE CERTIFICATE

Capital Expenditures

For purposes of calculating Cash Flow in Exhibit B, Capital Expenditures and Unfinanced Capital Expenditures are defined as follows:

The aggregate of all expenditures and obligations which should be capitalized under GAAP	\$ _____
Less: Net Proceeds from Dispositions and/or Events of Loss which a Borrower is permitted to reinvest pursuant to <u>Section 1.8(b)</u> and which are included above	\$ _____
To the extent included above, expenditures financed with cash proceeds from Excluded Equity Issuances	\$ _____
Capital Expenditures	\$ _____
Less: Portion of Capital Expenditures financed under Capital Leases, financed with proceeds of the Equipment Loan Note B, or any note issued in connection with an Equipment Loan Supplement, or financed with proceeds of other long term Indebtedness incurred substantially concurrently with such expenditure (Indebtedness, for this purpose, does not include drawings under the Revolving Loan Commitment)	\$ _____
Permitted Unfinanced Capital Expenditures	\$ _____

FOR IMMEDIATE RELEASE

Contact Information:**At the Company:**

Gregory S. Skinner
Vice President Finance and CFO
(650) 261-3677

Investor Relations:

Matt Glover or Michael Koehler
949-574-3860
LNDC@liolios.com

Landec Increases Investment in Windset**Landec Also Secures New Equipment Loan and Increased Line of Credit**

MENLO PARK, Calif.--(BUSINESS WIRE)—July 18, 2014--Landec Corporation (Nasdaq:LNDC), a materials science Company that develops and markets innovative and patented products for healthy living applications in food and biomedical markets, announced that its subsidiary, Apio, Inc., has increased its equity investment in Windset Holdings 2010 Ltd. ("Windset") by purchasing 15,857 shares of non-voting Junior Preferred Stock which represents 8.5% of the outstanding Junior Preferred Stock and an additional 68 shares of Common Stock from the Newell Capital Corporation. The purchase of the 68 shares of Common Stock of Windset represents an additional 6.8% share in Apio's ownership in Windset and increases Apio's total Common Stock ownership in Windset from 20.1% to 26.9%.

The aggregate purchase price for the Junior Preferred Stock and the additional Common Stock was \$11.0 million. With the increase in Apio's Common Stock ownership, beginning in the first quarter of fiscal 2015, Apio will recognize 26.9% of the quarterly change in the fair market value of Windset. The increased ownership is not expected to have a significant impact on the change in the fair market value recognized by Apio in fiscal 2015 since the purchase of the new 68 shares of Common Stock approximated fair market value at the time of transaction.

Apio's strategic partnership with Windset, a leading grower of high tech greenhouse produce, began in July 2010 when Apio granted an exclusive license to Windset to use Landec's BreatheWay® packaging technology for cucumbers, peppers and tomatoes. In February 2011, Apio purchased \$15 million of non-voting Senior Preferred Stock and 201 shares of Common Stock in Windset which represented a 20.1% equity ownership interest in Windset.

Apio's increased equity investment in Windset is the continuation of its ongoing strategic objective to pursue opportunities provided by healthy living trends that are driving increased consumer demand for fresh vegetables and fruit. Apio recognizes Windset as the most advanced and highest yielding hydroponic greenhouse vegetable producer in North America where the demand for hydroponic greenhouse grown produce is rapidly increasing. The hydroponic greenhouse process uses no soil and a fraction of the water required in field production. Furthermore, the process results in higher yields per acre and is not burdened with traditional weather-related risks.

The annual dividend on the Junior Preferred Stock is determined by the Windset Board of Directors up to a maximum rate of 7.5%. In accordance with the agreement, the dividend rate approved by the Windset Board for the Junior Preferred Stock will also be applied to the Senior Preferred Stock in addition to the current annual dividend. For example, if the dividend approved for the Junior Preferred Stock is the maximum 7.5%, Apio would receive an additional 7.5% dividend on its Senior Preferred Stock, or \$1,125,000, and a dividend on its Junior Preferred Stock of \$384,000. When the new dividends are combined with the \$1,125,000 annual 7.5% cumulative dividend Apio already receives on its Senior Preferred Stock, the total annual dividend would be approximately \$2.6 million.

The new Common Stock Apio has purchased will be included in the original put/call option which can be triggered on or after February 15, 2017, whereby Apio can exercise the put to sell its shares to Windset, or Windset can exercise the call to purchase the shares from Apio, at a price equal to the original purchase price of \$15 million for the Senior Preferred Stock plus Apio's pro-rata 26.9% share of the then fair market value of Windset. The new Junior Preferred Stock purchased by Apio also has a put/call feature whereby Apio can put the shares or Windset can call the shares on or after February 15, 2020 for the agreed upon liquidation value of \$5.1 million.

Ron Midyett, Apio's CEO, commented, "Our strategic partnership with Windset continues to expand. We are pleased that Windset is now selling both packaged cucumbers and peppers using our BreatheWay packaging technology with sales of those products rapidly expanding. We are working collaboratively on additional opportunities for Windset to leverage Apio's BreatheWay packaging."

Gary Steele, Landec's Chairman and CEO, added, "We are excited about increasing our ownership in Windset. During 2013, Windset doubled its production capacity in Santa Maria, California to 128 acres or 6 million square feet. Demand for Windset's products continues to increase and we expect further expansion by Windset over the next few years.

"As weather-related challenges affect produce sourcing, we believe Windset's hydroponic greenhouse expertise and leadership will continue to attract retailers, club stores and foodservice operators seeking long-term stability in sourcing produce. We believe Apio and Windset are well positioned to capitalize on the healthy living trends which are driving increased consumer demand for fresh vegetables and fruit."

In conjunction with the increased investment in Windset, Apio has secured a new \$25 million equipment loan from GE Capital. Approximately \$11 million will be funded by August 1, 2014 and be used to pay for the new investment in Windset with the remaining amount available for future draw downs based on Apio's equipment purchases between July 1, 2014 and August 31, 2015. The equipment loan carries a 3.53% fixed interest rate with a 5-year term and a 7-year amortization period.

In addition, Apio's line of credit with GE Capital has been increased to \$40 million from \$25 million and the interest rate has been reduced to Libor plus 1.75% from the prior Libor plus 2.0%. The term of the amended line of credit is 5 years.

About Windset Farms®

Windset Farms, with greenhouses and contract greenhouse growers in the United States, Canada and Mexico, markets in excess of 750 acres of greenhouse grown produce and is one of the largest growers and marketers of high tech greenhouse produce in North America. Windset products are sold across Western Canada, the Western United States and Midwest, Mexico and Asia. Windset grows only non-GMO produce including peppers, cucumbers, tomatoes, lettuce, eggplant and endive. The company's facilities combine state-of-the-art technology and old-fashioned attention to detail to ensure optimal growing conditions and sustainable practices. Windset Farms was recently named the best tomato grower in marketing and sales, winning the Tomato Inspiration Award 2014 out of 100 top tomato growers invited to attend the first annual Tomato Inspiration Event hosted by HortiBiz and eight partners held in Berlin. For more information about the award please visit <http://www.hortibiz.com/hortibiz/nieuws/windset-farms-wins-tomato-inspiration-award-2014/> and for more information about Windset Farms please visit the company website at www.windsetfarms.com.

About Landec Corporation

Landec Corporation is a materials science company that leverages its proprietary polymer technologies, application development and innovation capabilities to develop and commercialize new products in food and biomaterials markets. Landec's subsidiary, *Apio*, has become the leader in US fresh-cut specialty packaged vegetables sold in North America based on combining Landec's proprietary food packaging technology and the strength of two major national brands, Eat Smart® and GreenLine®, with the capabilities of large scale processing and national distribution. *Lifecore Biomedical*, a subsidiary of Landec, is a premium supplier of hyaluronan-based materials and medical products to ophthalmic, orthopedic and veterinary markets worldwide. In addition, Lifecore Biomedical provides specialized aseptic fill and finish services in a cGMP validated manufacturing facility for supplying commercial, clinical and pre-clinical products. For more information about the Company, visit Landec's website at www.landec.com.

Important Cautions Regarding Forward Looking Statements

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially, including such factors among others, as the timing and expenses associated with operations, the ability to achieve acceptance of the Company's new products in the market place, weather conditions that can affect the supply and price of produce, the amount and timing of research and development funding and license fees from the Company's collaborative partners, the timing of regulatory approvals, the mix between domestic and international sales, and the risk factors listed in the Company's Form 10-K for the fiscal year ended May 26, 2013 (See Item 1A: Risk Factors) which may be updated in Part II, Item 1A Risk Factors in the Company's Quarterly Reports on Form 10-Q. As a result of these and other factors, the Company expects to continue to experience significant fluctuations in quarterly operating results and there can be no assurance that the Company will remain consistently profitable. The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new developments or otherwise.