

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): OCTOBER 25, 2001

LANDEC CORPORATION

(Exact name of registrant as specified in its charter)

0-27446

(Commission File Number)

CALIFORNIA

(State or other jurisdiction
of incorporation)

94-3025618

(I.R.S. Employer
Identification No.)

3603 HAVEN AVENUE, MENLO PARK, CALIFORNIA 94025
(Address of principal executive offices, with zip code)

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

N/A

(Former name or former address, if changed since last report)

Item 5. OTHER EVENTS.

Pursuant to a Series B Preferred Stock Purchase Agreement (the "Purchase Agreement") dated as of October 24, 2001, Landec Corporation (the "Registrant") completed a private placement of 142,857 shares of Series B Preferred Stock, \$0.001 par value, (the "Series B Preferred Stock") to Seahawk Ranch Irrevocable Trust of Foster City, California. Mr. Kenneth E. Jones, a director of Landec Corporation, is one of the trustees of Seahawk Ranch Irrevocable Trust. The Series B Preferred Stock is convertible into Common Stock at \$3.50 per share.

The Series B Preferred Stock earns cumulative dividends payable in additional shares of Series B Preferred Stock at an annual rate of eight percent (8%) for the first two years, ten percent (10%) for the third year and twelve percent (12%) thereafter. The Series B Preferred Stock may be redeemed by Landec Corporation at any time for the original purchase price plus all accrued and unpaid dividends.

One half of the Series B Preferred Stock is convertible into Common Stock at the option of the holder after the six-month anniversary of the closing. All of the Series B Preferred Stock is convertible into Common Stock at the option of the holder after one-year from the closing. If the holder elects to convert all or a portion the Series B Preferred Stock, then the Company has agreed to use its best efforts to prepare and file with the Securities and Exchange Commission a Registration Statement under the Securities Act covering the converted Common Stock within ninety (90) days after the date the holder notifies the Company of its intent to convert.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

3.1 Certificate of Determination of Rights, Preferences and Privileges of Series B Preferred Stock.

4.1 Series B Preferred Stock Purchase Agreement between the Registrant and Seahawk Ranch Irrevocable Trust, dated as of October 24, 2001.

99.1 Press Release dated October 25, 2001.

* The Registrant hereby agrees to furnish to the Securities and Exchange Commission supplementally, any schedules or exhibits to such agreement which are not filed herewith, upon the request of the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANDEC CORPORATION
Registrant

Date: October 25, 2001

By: /s/ GREGORY S. SKINNER

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

LANDEC CORPORATION

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dated
October 25,
2001.

* The Registrant hereby agrees to furnish to the Securities and Exchange Commission supplementally, any schedules or exhibits to such agreement which are not filed herewith, upon the request of the Securities and Exchange Commission.

CERTIFICATE OF DETERMINATION OF RIGHTS, PREFERENCES
AND PRIVILEGES OF
SERIES B PREFERRED STOCK
OF
LANDEC CORPORATION

The undersigned, Gregory S. Skinner and Geoffrey P. Leonard, do hereby certify:

1. That they are the duly elected Vice President of Finance and Chief Financial Officer and Secretary, respectively, of Landec Corporation, a California corporation (the "Corporation").

2. That pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the said Corporation, the said Board of Directors on October 18, 2001 adopted the following resolutions creating a series of shares of Preferred Stock designated as Series B Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Articles of Incorporation, the Board of Directors does hereby provide for the issue of a new series of Preferred Stock of the Corporation, that shall be designated "Series B Preferred Stock," par value \$0.001 per share, and shall initially consist of 225,000 shares. To the extent that the designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions of the Series B Preferred Stock are not stated and expressed in the Articles of Incorporation, the Board of Directors does hereby fix and herein state and express such designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions thereof (all terms used herein which are defined in the Articles of Incorporation shall be deemed to have the meanings provided therein), as follows:

Section 1. DESIGNATION AND AMOUNT. The shares shall be designated as "Series B Preferred Stock," par value \$0.001 per share, and the number of shares constituting such series shall be 225,000.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) DEFINITIONS.

(i) "Dividends" shall mean the "paid-in-kind" dividends as set forth in Section 2(B) below.

(ii) "Dividend Payment Amount" shall mean the amount of accrued dividends per share, as expressed in dollars, with respect to any Dividend Payment Period

determined by applying the Dividend Rate (calculated by multiplying the Dividend Rate by 25% for each Dividend Payment Period) to the Original Issue Price.

(iii) "Dividend Payment Date" shall mean January 31, April 30, July 31 and October 31 of each year commencing January 31, 2002.

(iv) "Dividend Payment Period" shall mean the period from, and including, the Purchase Date, to, but not including, the first Dividend Payment Date and thereafter, each quarterly period, including any Dividend Payment Date to, but not including, the next Dividend Payment Date.

(v) "Dividend Rate" shall mean an annual rate of eight percent (8%) until and including the second -year anniversary of the Purchase Date; and thereafter an annual rate of ten percent (10%) until and including the third-year anniversary of the Purchase Date; and thereafter an annual rate of twelve percent (12%).

(vi) "Dividend Record Date" shall mean the date that is ten (10) business days prior to any Dividend Payment Date.

(vii) "Original Issue Price" shall mean an amount per share of Series B Preferred Stock equal to \$35.00.

(viii) "Purchase Date" shall mean the date of the closing of the Corporation's initial sale of shares of Series B Preferred Stock.

(B) DIVIDEND RIGHTS.

(i) The holders of record of Series B Preferred Stock shall be entitled, on each Dividend Payment Date, to receive cumulative dividends payable in additional shares of Series B Preferred Stock (such dividends paid in kind being herein referred to as "Dividends") in the amount set forth in subsection (ii) immediately below. Dividends shall cease to accrue on each share of Series B Preferred Stock upon its Redemption Date, Conversion Date or Automatic Conversion Date (each as defined below), unless the Corporation defaults in its obligations to convert or redeem such shares.

(ii) Dividends with respect to any Dividend Payment Period for each share of Series B Preferred Stock shall be paid by delivering to the holders of Series B Preferred Stock a stock certificate or certificates for the number of shares of Series B Preferred Stock determined by dividing the Dividend Payment Amount with respect to such Dividend Payment Period by the Original Issue Price. The issuance of such Dividends shall constitute full payment of such dividend. Fractional shares of Series B Preferred Stock payable as Dividends (after aggregating all Dividends payable to the holder of Series B Preferred Stock with respect to such Dividend Payment Period) shall not be paid in shares of Series B Preferred Stock, and in lieu of such fractional shares the Corporation shall pay the holder the amount in cash equal to the fraction of such share of Series B Preferred Stock multiplied by the Original Issue Price.

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(iii) Any additional shares of Series B Preferred Stock issued pursuant to this Section 2 shall be subject in all respects to the same terms as the Series B Preferred Stock originally issued on the Purchase Date.

(iv) Dividends shall accrue (whether or not declared by the Board of Directors) on each share of Series B Preferred Stock during each Dividend Payment Period.

(v) In the case of Series B Preferred Stock issued and/or accumulated as a Dividend, Dividends shall accrue (whether or not declared by the Board of Directors) on such shares and be cumulative from the Dividend Payment Date in respect of which such shares were issued and/or accumulated as a Dividend.

(vi) Prior to each Dividend Record Date immediately preceding each Dividend Payment Date, the Board of Directors shall declare Dividends on the Series B Preferred Stock in accordance with this Section 2(B), payable on the next Dividend Payment Date.

(vii) If the Dividend Payment Date occurs on a day that is not a business day, any accrued Dividends otherwise payable on such Dividend Payment Date shall be paid on the next succeeding business day. Dividends shall be paid to the holder of record of the Series B Preferred Stock on each Dividend Payment Date as their names shall appear on the share register of the Corporation on the Dividend Record Date.

(viii) In addition to the Dividends, before the Corporation pays dividends ("Common Dividends"), when and if declared by the Board of Directors, on its Common Stock, in cash or in kind, the holders of record on the record date of outstanding Series B Preferred Stock shall be entitled to receive dividends in such an amount as they would be entitled to receive as a result of such declaration if, as of the record date, their shares of Series B Preferred Stock had been converted into shares of Common Stock pursuant to Section 6 hereof. No Common Dividend shall be paid or set aside for payment to the holders of Common Stock until and unless all dividends (including Dividends and as set forth in the immediately preceding sentence) then payable to the holders of the Series B Preferred Stock shall have been paid, or declared and set aside for payment, in full.

(ix) Notwithstanding anything contained herein to the contrary, no dividends on shares of Series B Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Corporation at such time if such declaration or payment shall be restricted or prohibited by law.

Section 3. VOTING RIGHTS. The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) The holder of each share of Series B Preferred Stock shall have the right to one vote for each share of Common Stock into which such Preferred

Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting in accordance with

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the bylaws of the Corporation, and shall be entitled to vote, together with holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Series B Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(B) Except as otherwise provided herein or by law, the holders of shares of Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(C) Except as provided herein or by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. REDEMPTION.

(A) REDEMPTION DATE AND PRICE. The Corporation may, on any date (a "Redemption Date") determined by the Board of Directors (provided that funds are legally available to do so), redeem in whole or in part the Series B Preferred Stock by paying in cash therefor a sum equal to (i) \$35.00 per share (as adjusted for any stock combinations or splits with respect to such shares) plus (ii) an amount in cash equal to all accrued and unpaid dividends on each such share (whether or not declared) calculated by applying the then applicable Dividend Rate to the Original Issue Price for the period beginning on, and including, the last succeeding Dividend Payment Date to, but not including, the Redemption Date (collectively, the "Redemption Price"); provided, however, that in the event the Redemption Date occurs prior to the six-month anniversary of the Purchase Date, then the amount calculated in (ii) immediately above shall be calculated as if the Redemption Date were April 30, 2002. Any redemption effected pursuant to this Section 4 shall be made on a pro rata basis among the holders of the Series B Preferred Stock in proportion to the number of shares of Series B Preferred Stock then held by them.

(B) PROCEDURE. At least thirty (30) but no more than sixty (60) days prior to each Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series B Preferred Stock to be redeemed, at the address last shown on the records of the Corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the applicable Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to the Corporation, in the manner and at the place designated, such holder's certificate or certificates representing the shares to be redeemed (the "Redemption Notice"); provided, however, that prior to the six-month anniversary of the Purchase Date, the Redemption Notice may be delivered not less than fifteen (15) days prior to the Redemption Date. Except as provided in Section 4(C), on or after the Redemption Date, each holder of Series B Preferred Stock to be redeemed shall surrender to the Corporation the certificate or certificates representing

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such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(C) EFFECT OF REDEMPTION; INSUFFICIENT FUNDS. From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series B Preferred Stock designated for redemption in the Redemption Notice as holders of such Preferred Stock (except the right to receive the applicable Redemption Price

without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of the Corporation or be deemed to be outstanding for any purpose whatsoever. Subject to the rights of series of Preferred Stock that may from time to time come into existence, if funds of the Corporation legally available for redemption of shares of Series B Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series B Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their total Redemption Price applicable to their shares of Series B Preferred Stock which are subject to redemption on such Redemption Date and the remainder called for redemption shall not be redeemed. Subject to the rights of series of Preferred Stock that may from time to time come into existence, at any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Series B Preferred Stock called for redemption but not redeemed as a result of funds not being legally available therefor, such funds will immediately be used to redeem the balance of the shares which the Corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(D) REACQUIRED SHARES. Any shares of Series B Preferred Stock redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 5. LIQUIDATION, DISSOLUTION OR WINDING UP.

(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of shares of Series B Preferred Stock shall have received an amount equal to the greater of (i) \$35.00 per share of Series B Preferred Stock plus an amount in cash equal to accrued and unpaid dividends and distributions thereon, whether or not declared, calculated by applying the then applicable Dividend Rate to the Original Issue Price for the period beginning on, and including, the last succeeding Dividend Payment Date to, but not including, the date of such payment; or (ii) such amount per share of Series B Preferred Stock as would have been payable had each such share been converted into Common Stock immediately

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prior to such liquidation, dissolution or winding up of the Corporation (the "Series B Liquidation Preference"). After payment has been made to the holders of the Series B Preferred Stock of the full amounts to which they shall be entitled pursuant to this Section 5(A) above and subject to the rights of the Series A Preferred Stock and any series of Preferred Stock that may from time to time come into existence, all remaining assets of the Corporation available for distribution to its shareholders, if any, shall be distributed ratably to the holders of Common Stock. The Series A Preferred Stock shall rank on parity with the Series B Preferred Stock.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of the Series A Preferred Stock and all other series of Preferred Stock, if any, which rank on a parity with the Series B Preferred Stock, then such assets available for distribution shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

Section 6. CONVERSION. The Corporation and the holders of the Series B Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(A) RIGHT TO CONVERT. Subject to Section 6(C), each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the six-month anniversary of the Purchase Date, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (i) the sum of (a) the Original Issue Price plus (b) an amount in cash equal to accrued and unpaid dividends and distributions on the shares to be converted (whether or not declared) calculated by applying the then applicable Dividend Rate to the Original Issue Price for the period beginning on, and including, the

last succeeding Dividend Payment Date to, but not including, the Conversion Date (defined below) by (ii) the Series B Conversion Price (determined as hereafter provided) (the "Conversion Rate") in effect on a Conversion Date; provided, however, that if a Conversion Date occurs on or prior to the first-year anniversary of the Purchase Date, then no more than one-half of the shares of Series B Preferred Stock held by such holder on the Purchase Date shall be convertible at the option of such holder on or prior to such first-year anniversary. The Series B Conversion Price shall initially be \$3.50.

(B) AUTOMATIC CONVERSION. Upon the date specified by written consent or agreement of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock ("Automatic Conversion Date"), which date shall not be earlier than the first anniversary of the Purchase Date, each share of Series B Preferred Stock shall automatically be converted into shares of Common Stock at the Conversion Rate.

(C) MECHANICS OF CONVERSION.

(i) Before any holder of Series B Preferred Stock shall be entitled to convert the same into shares of Common Stock pursuant to Section 6(A) above, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series B Preferred Stock, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state

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therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series B Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series B Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date (a "Conversion Date").

(ii) Upon the date specified by written consent or agreement of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock pursuant to Section 6(B) above, the outstanding shares of Series B Preferred Stock shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; PROVIDED, HOWEVER, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series B Preferred Stock are either delivered to the Corporation or its transfer agent as provided below, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series B Preferred Stock, the holders of Series B Preferred Stock shall surrender the certificates representing such shares at the principal corporate office of the Corporation or any transfer agent for the Series B Preferred Stock. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series B Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred.

(D) CONVERSION PRICE ADJUSTMENTS OF PREFERRED STOCK FOR CERTAIN SPLITS AND COMBINATIONS. The Series B Conversion Price shall be subject to adjustment from time to time as follows:

(i) In the event the Corporation should at any time or from time to time after the Purchase Date fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Series B

Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series B Preferred Stock shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such

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Common Stock Equivalents with the number of shares issuable with respect to Common Stock Equivalents determined from time to time.

(ii) If the number of shares of Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Series B Conversion Price shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(iii) The following provisions shall apply for purposes of this Section 6(D):

(a) The aggregate maximum number of shares of Common Stock deliverable upon conversion or exercise of Common Stock Equivalents (assuming the satisfaction of any conditions to convertibility or exercisability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) shall be deemed to have been issued at the time such Common Stock Equivalents were issued.

(b) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Corporation upon conversion or exercise of such Common Stock Equivalents including, but not limited to, a change resulting from the antidilution provisions thereof, the Series B Conversion Price, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(c) Upon the termination or expiration of the convertibility or exercisability of any such Common Stock Equivalents, the Series B Conversion Price, to the extent in any way affected by or computed using such Common Stock Equivalents, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and Common Stock Equivalents which remain convertible or exercisable) actually issued upon the conversion or exercise of such Common Stock Equivalents.

Section 7. AMENDMENT. The Articles of Incorporation of the Corporation (including this Certificate of Determination) shall not be further amended in any manner which would materially alter or change the powers, preference or special rights of the Series B Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, voting separately as a class.

Section 8. FRACTIONAL SHARES. Series B Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.

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Section 9. RESERVATION OF CAPITAL STOCK. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Series B Preferred Stock and Common Stock, solely for the purpose of effecting the payment of Dividends and conversion of the shares of the Series B Preferred Stock, respectively, such number of its shares of the Series B Preferred Stock and Common Stock as shall from time to time be sufficient to effect the payment of Dividends and conversion of all outstanding shares of Series B Preferred Stock. If at any time the number of authorized but unissued shares of Series B Preferred Stock shall not be sufficient to effect the payment of accrued but unpaid Dividends, or the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Series B Preferred Stock and/or Common Stock to such number of shares as shall be sufficient for such purposes.

3. That the authorized number of shares of Preferred Stock of the Corporation is 2,000,000 and the authorized number of shares of Series B Preferred Stock is 225,000. None of the shares of Series B Preferred Stock has been issued.

We further declare under penalty of perjury that the matters set forth in the foregoing Certificate of Determination are true and correct of our own knowledge.

Executed at Menlo Park, California on October 23, 2001.

/s/ GREGORY S. SKINNER

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

/s/ GEOFFREY P. LEONARD

Geoffrey P. Leonard, Secretary

LANDEC CORPORATION

SERIES B PREFERRED STOCK PURCHASE AGREEMENT

OCTOBER 24, 2001

LANDEC CORPORATION

SERIES B PREFERRED STOCK PURCHASE AGREEMENT

This Series B Preferred Stock Purchase Agreement (the "AGREEMENT") is made as of October 24, 2001 by and between Landec Corporation, a California corporation (the "COMPANY"), and Seahawk Ranch Irrevocable Trust (the "PURCHASER").

The parties hereby agree as follows:

1. PURCHASE AND SALE OF PREFERRED STOCK.

1.1 SALE AND ISSUANCE OF PREFERRED STOCK.

(a) As of the Closing (as defined below) Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of 142,857 shares of Series B Preferred Stock, \$0.001 par value (the "SERIES B PREFERRED Stock") having the rights, preferences, privileges and restrictions set forth in the Certificate of Determination of Rights, Preferences and Privileges of Series B Preferred Stock attached to this Agreement as EXHIBIT A (the "CERTIFICATE OF DETERMINATION"), and shall have filed the Certificate of Determination with the California Secretary of State.

(b) Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase at the Closing and the Company agrees to sell and issue to the Purchaser at the Closing 142,857 shares of Series B Preferred Stock at a purchase price of \$35.00 per share. The shares of Series B Preferred Stock issued to the Purchaser pursuant to this Agreement shall be hereinafter referred to as the "STOCK", and the Common Stock of the Company issuable upon conversion of the Stock shall be hereinafter referred to as the "CONVERTED COMMON STOCK".

1.2 CLOSING; DELIVERY.

(a) The purchase and sale of the Stock shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, 1020 Marsh Road, Menlo Park, California, at 10:00 a.m., on October 24, 2001, or at such other time and place as the Company and the Purchaser mutually agree upon, orally or in writing (which time and place are designated as the "CLOSING").

(b) At the Closing, the Company shall deliver to the Purchaser a certificate representing the Stock being purchased thereby against payment of the purchase price therefor by certified check or by wire transfer to the Company's bank account.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY. The Company hereby represents, warrants and covenants to the Purchaser as follows:

2.1 ORGANIZATION, GOOD STANDING AND QUALIFICATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to carry on its business as now

conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business or properties.

2.2 AUTHORIZATION. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and the Standstill Agreement in the form attached hereto as EXHIBIT B (the "STANDSTILL AGREEMENT") to be executed by the Purchaser, the performance of all obligations of the Company hereunder and thereunder and the authorization, issuance and delivery of the Stock and the Converted Common Stock (together, the "SECURITIES") has been taken or will be taken prior to the Closing, and the Agreement, when executed and delivered by the Company, shall constitute a valid and legally binding obligations of the Company, enforceable against the Company in accordance with its terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

2.3 VALID ISSUANCE OF SECURITIES. The Stock that is being issued to the Purchaser hereunder, when issued, sold and delivered in accordance with the terms hereof for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, the Standstill Agreement and those set forth under the Certificate of Determination and applicable state and federal securities laws. Based in part upon the representations of the Purchaser in this Agreement and subject to the provisions of Section 2.5 below, the Stock will be issued in compliance with all applicable federal and state securities laws. The Converted Common Stock has been duly and validly reserved for issuance, and upon issuance in accordance with the terms of the Certificate of Determination, shall be duly and validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, the Standstill Agreement and applicable federal and state securities laws and will be issued in compliance with all applicable federal and state securities laws.

2.4 GOVERNMENTAL CONSENTS. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement and the Standstill Agreement, except for such filings as may be required to be made with the Securities and Exchange Commission (the "SEC") and the Nasdaq National Market and similar filings under applicable state securities laws.

2.5 DISCLOSURE. The Company has made available to the Purchaser all documents (other than preliminary materials) filed with the SEC since January 1, 2000 (the "SEC DOCUMENTS"). As of their respective filing dates, the SEC Documents complied in all material respects with the requirements of the Securities Act of 1933 (the "SECURITIES ACT") or the Securities Exchange Act of 1934 (the "EXCHANGE ACT"), as applicable. Neither the Agreement nor any of the SEC Documents as of their respective dates included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein,

in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents (the "FINANCIAL STATEMENTS") comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto. The Financial Statements have been prepared in accordance with generally accepted accounting principles consistently applied and fairly present the consolidated financial position of the Company and any subsidiaries at the dates thereof and the consolidated results of their operations and consolidated cash flows for the periods then ended (subject, in the case of unaudited statements, to normal, recurring adjustments).

2.6 CHANGES. Except as disclosed herein or in reports filed with the SEC by the Company, since July 29, 2001, there has not been (a) any change in the assets, liabilities, financial condition, business prospects or operations of the Company from those reflected in the Financial Statements, except changes in the ordinary course of business which, individually and in the aggregate, have not had a material adverse effect on the Company and its subsidiaries considered as one enterprise; (b) any material change or amendment to a contract or arrangement by which the Company or any of its assets or properties is bound or subject and filed as an exhibit to the SEC Documents; (c) any resignation or termination of employment, or to the Company's knowledge, any impending resignation or termination of employment, of any executive officer of the Company; or (d) any declaration or payment of any dividend or other distribution of assets of the Company.

2.7 NO CONFLICTS. The execution, delivery, and performance of and compliance with this Agreement and the Standstill Agreement, and the issuance and sale of the Stock pursuant hereto and of the Converted Common Stock pursuant to the Certificate of Determination, are not prohibited by, and will not violate or conflict with, any provision of the Articles of Incorporation or Bylaws of the Company, or any provision of any contract to which the Company is a party, except where any of the foregoing would not have, individually or in the aggregate, a material adverse effect on the Company.

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby represents and warrants to the Company that:

3.1 AUTHORIZATION. This Agreement and the Standstill Agreement has been duly authorized by all necessary action on the part of the Purchaser and, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their 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.

3.2 PURCHASE ENTIRELY FOR OWN ACCOUNT. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Securities to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent for any person or entity and not with a view to the resale or distribution of

any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any person or entity to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities. The Purchaser represents that it has full power and authority to enter into this Agreement.

3.3 DISCLOSURE OF INFORMATION. The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Stock with the Company's management and has reviewed the SEC Documents. The Purchaser understands that such discussions, as well as the written information issued by the Company, were intended to describe the aspects of the Company's business which it believes to be material.

3.4 RESTRICTED SECURITIES. The Purchaser understands that the Securities have not been registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Securities are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Securities indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser 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 Securities, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company may not be able to satisfy.

3.5 LEGENDS. The Purchaser understands that the Securities and any securities issued in respect of or exchange for the Securities, may bear one or all of the following legends:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED UNLESS: (I) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO, (II) THERE IS AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT, OR (III) THE SHARES ARE SOLD PURSUANT TO RULE 144 PROMULGATED UNDER THE ACT."

(b) Any legend required by the Blue Sky laws of any state to the extent such laws are applicable to the shares represented by the certificate so legended.

3.6 ACCREDITED INVESTOR. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

4. REGISTRATION REQUIREMENTS.

4.1 SHELF REGISTRATION. The Company shall use its best efforts to prepare and file with the Securities and Exchange Commission (the "SEC") a Registration Statement pursuant to Rule 415 (or any appropriate similar rule that may be adopted by the SEC) under the Securities Act covering the Converted Common Stock (including any amendment thereto, the "SHELF REGISTRATION") not later than ninety (90) days after the date the Purchaser notifies the Company of its intent to convert all or a portion of the Stock (the "FILING DATE"). The Shelf Registration shall be on Form S-3 or another appropriate form permitting registration of such Converted Common Stock for resale by the Purchaser from time to time. The Purchaser agrees to furnish promptly to the Company in writing all information required from time to time to be disclosed in order to make the information previously furnished to the Company by such holder not misleading.

4.2 EFFECTIVENESS. The Company shall use its best efforts to cause the Shelf Registration to become effective under the Securities Act not later than one hundred twenty (120) days after the Conversion Date (the "EFFECTIVE DATE"). Subject to the requirements of the Securities Act including, without limitation, requirements relating to updating through post-effective amendments, prospectus supplements or otherwise, the Company shall use its best efforts to keep the Shelf Registration continuously effective and in compliance with the Securities Act until the earlier of (i) such date as all of the Converted Common Stock have been resold, or (ii) all of the Converted Common Stock may be sold under Rule 144 under the Securities Act ("RULE 144") during any ninety (90) day period. The Company shall use reasonable commercial efforts to take such actions under the laws of various states as may be required, from time to time during the effectiveness of the Shelf Registration (and subject to the Purchaser's compliance with its obligations hereunder), to cause the resale of the Converted Common Stock pursuant to the Shelf Registration to be lawful.

4.3 SUSPENSION PERIODS. Following the effectiveness of the Shelf Registration filed pursuant to this Section 4, the Company may, at any time, suspend the effectiveness of such Shelf Registration for up to thirty (30) days, as appropriate (a "SUSPENSION PERIOD"), by giving notice to the Purchaser, if the Company shall have determined, through action by its Board of Directors, that the Company may be required to disclose any material corporate development, which disclosure, in the judgment of the Company's Board of Directors, could reasonably be expected to have a material adverse effect on the Company; and at least two (2) business days prior to implementing any such Suspension Period, the Company shall deliver to the Purchaser a certificate to that effect. Notwithstanding the foregoing, no more than two (2) Suspension Periods may occur in any calendar year. The Company shall use its reasonable commercial efforts to limit the duration and number of any Suspension Periods, including, without limitation, preparing and filing with the SEC post-effective amendments to the Shelf Registration and/or prospectus supplements to the prospectus included in the Shelf Registration. The Purchaser agrees that, upon receipt of notice from the Company of a Suspension Period in accordance with the provisions of this Section 4.3, the Purchaser shall forthwith discontinue disposition of shares covered by such registration statement or prospectus in accordance with the provisions of this Section 4.3 until the Purchaser (i) is advised in writing by the Company that

the applicable Suspension Period has been terminated and the use of the prospectus may be resumed, (ii) has received copies of a supplemental or amended prospectus, if applicable, and (iii) has received copies of any additional or supplemental filings which are incorporated or deemed to be incorporated by reference in such prospectus. The Purchaser shall treat any information relating to a Suspension Period, including its receipt of notice of a Suspension Period, as confidential information of the Company, and shall not use or disclose any such information except with the prior written consent of the Company.

4.4 REGISTRATION EXPENSES. The Company shall pay all Registration Expenses (as defined below) in connection with any registration, qualification or compliance hereunder, and the Purchaser shall pay all Selling Expenses (as defined below) and other expenses that are not Registration Expenses relating to the Converted Common Stock resold by the Purchaser. "Registration Expenses" shall mean all expenses, except for Selling Expenses, incurred by the Company in complying with the registration provisions herein described, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and expenses in connection with listing the Converted Common Stock for quotation on Nasdaq NMS, fees and disbursements of counsel for and the independent auditors of the Company, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration and the reasonable fees and expenses of one special counsel to the Purchaser. "Selling Expenses" shall mean selling commissions, underwriting fees and stock transfer taxes applicable to the Converted Common Stock.

4.5 NOTIFICATION. In addition to the Company's other obligations under this Section 4, in connection with the registration of the Converted Common Stock on the Shelf Registration, the Company shall:

(a) As promptly as practicable after becoming aware of such event, notify the Purchaser of the occurrence of any event, as a result of which the prospectus included in the Shelf Registration, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and promptly prepare an amendment to the Shelf Registration and supplement to the prospectus to correct such untrue statement or omission, and deliver a number of copies of such supplement and amendment to the Purchaser as the Purchaser may reasonably request; and

(b) As promptly as practicable after becoming aware of such event, notify the Purchaser who holds Converted Common Stock being sold of the issuance by the SEC of any stop order or other suspension of the effectiveness of the Shelf Registration at the earliest possible time and take all lawful action to effect the withdrawal, recession or removal of such stop order or other suspension; and

(c) With a view to making available to the Purchaser the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit the Purchaser to sell Converted Common Stock to the public without registration or pursuant to registration, the Company covenants and agrees to use its reasonable commercial efforts to: (i) make and keep

public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) the date that is thirty (30) months from the date of the Closing or (B) such date as all of the Converted Common Stock shall have been resold; and (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the Exchange Act.

4.6 INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Purchaser from and against any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) to which the Purchaser (including for such purpose its officers, directors, partners, attorneys and agents) may become subject (under the Securities Act or otherwise) to the extent such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon, any untrue statement of a material fact contained in the Shelf Registration or the prospectus (including any supplement) contained therein or arise out of, or are based upon, the omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in light of the circumstances under which they were made in the case of the prospectus), not misleading, or to the extent arising out of any failure by the Company to fulfill any undertaking included in the Shelf Registration, and the Company will, on a quarterly basis, reimburse the Purchaser for any legal or other expenses reasonably incurred in investigating or defending any such action, proceeding or claim; provided, however, that the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability arises out of, or is based upon (i) an untrue statement made in such Shelf Registration in reliance upon and in conformity with information furnished to the Company by or on behalf of the Purchaser, (ii) the failure of the Purchaser to comply with the covenants and agreements contained in this Agreement, or (iii) any untrue statement in any prospectus that is corrected in any subsequent prospectus that was delivered to the Purchaser prior to the pertinent sale or sales by the Purchaser.

(b) The Purchaser agrees to indemnify and hold harmless the Company (including for such purpose its officers, directors, partners, attorneys and agents) from and against any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) to which the Company may become subject (under the Securities Act or otherwise) to the extent such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration or the prospectus (including any supplement) contained therein or to the extent arising out of, or are based upon, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in light of the circumstances under which they were made in the case of the prospectus), not misleading, in each case, to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Purchaser specifically for use in preparation of the Shelf Registration. Notwithstanding the foregoing, the liability of the Purchaser under this Section 4.6(b) shall be limited to an amount equal to the net proceeds from the sale of the shares sold by the Purchaser.

(c) Promptly after receipt by any indemnified person of a notice of a claim or the beginning of any action in respect of which indemnity is to be sought against an indemnifying person pursuant to this Section 4.6, such indemnified person shall notify the indemnifying person in writing of such claim or of the commencement of such action (but the omission to so notify the indemnifying party shall not relieve it from any liability that it otherwise may have to the indemnified party, except to the extent that the indemnifying party is materially prejudiced and forfeits substantive rights and defenses by reason of such failure), and, subject to the provisions hereinafter stated, in case any such action shall be brought against an indemnified person and the indemnifying person shall have been notified thereof, the indemnifying person shall be entitled to participate therein, and, in the case of any claim as to which both the indemnified party and the indemnifying party are parties, to the extent that it shall wish, the indemnifying party may assume the defense thereof, with counsel reasonably satisfactory to the indemnified person. After notice from the indemnifying person to such indemnified person of the indemnifying person's election to assume the defense thereof, the indemnifying person shall not be liable to such indemnified person for any legal expenses subsequently incurred by such indemnified person in connection with the defense thereof; provided, however, that if there exists or shall exist a conflict of interest that would make it inappropriate in the reasonable judgment of the indemnified person for the same counsel to represent both the indemnified person and such indemnifying person or any affiliate or associate thereof, the indemnified person shall be entitled to retain its own counsel at the expense of such indemnifying person. If the indemnifying party shall assume the defense of any such claim, it shall not, without prior written consent of the indemnified party (which consent shall not unreasonably be withheld), settle or compromise any such claim or consent to the entry of any judgment that does not include an unconditional release of the indemnified party from all liabilities with respect to such claim or judgment. Further, no indemnifying party shall have any obligation with respect to any settlement entered into by an indemnified party without the prior written approval of this indemnifying party.

(d) If the indemnification provided for in this Section 4.6 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Purchaser on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Purchaser on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a

result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

4.7 NASDAQ NMS LISTING. The Company shall use its reasonable commercial efforts to cause the Converted Common Stock to be listed for inclusion on the Nasdaq National Market System no later than on the Effective Date.

4.8 TRANSFER OF REGISTRATION RIGHTS. The rights to cause the Company to register the Converted Common Stock under this Section 4 may be assigned to a transferee or assignee that is an affiliate (as such term is defined in Rule 405 of the Securities Act) of the Purchaser provided that: (i) such transfer is otherwise effected in accordance with applicable securities laws, (ii) written notice is promptly given to the Company and (iii) such transferee agrees to be bound by the provisions of this Agreement.

5. COVENANTS OF THE COMPANY.

5.1 THE PURCHASER'S FILINGS. The Company shall use its reasonable commercial efforts to assist the Purchaser and its affiliates in preparing and filing all reports required by the Purchaser and its affiliates under the Exchange Act as a result of the transactions under this Agreement, including Schedule 13D and Form 4, and shall bear all of the expenses relating to the preparation and filing of such reports.

6. CONDITIONS OF THE PURCHASER'S OBLIGATIONS AT THE CLOSING. The obligations of the Purchaser to the Company under this Agreement are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

6.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in Section 2 shall be true and correct in all material respects on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

6.2 PERFORMANCE. The Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

6.3 COMPLIANCE CERTIFICATE. The President of the Company shall deliver to the Purchaser at the Closing a certificate certifying that the conditions specified in Sections 6.1 and 6.2 have been fulfilled.

6.4 QUALIFICATIONS. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in

connection with the lawful issuance and sale of the Stock pursuant to this Agreement shall be obtained and effective as of the Closing.

6.5 OPINION OF COMPANY COUNSEL. The Purchaser shall have received from Orrick, Herrington & Sutcliffe LLP, counsel for the Company, an opinion, dated as of the Closing, in substantially the form of EXHIBIT C.

6.6 CERTIFICATE OF DETERMINATION. The Company shall have filed the Certificate of Determination with the Secretary of State of California on or prior to the date of the Closing, and the Certificate of Determination shall continue to be in full force and effect as of the date of the Closing.

6.7 STANDSTILL AGREEMENT. The Company and the Purchaser shall have executed and delivered the Standstill Agreement between the Company and the Purchaser in the form attached hereto as EXHIBIT B.

6.8 GOVERNMENTAL CONSENTS. There shall have been obtained at or prior to the date of the Closing such permits or authorizations, and there shall be taken such other action, as may be required by any regulatory authority having jurisdiction over the parties and the subject matter and the actions herein proposed to be taken.

6.9 LEGAL INVESTMENT. At the time of the Closing the purchase and sale of the Stock shall be legally permitted by all laws and regulations to which the Purchaser and the Company are subject.

7. CONDITIONS OF THE COMPANY'S OBLIGATIONS AT THE CLOSING. The obligations of the Company to the Purchaser under this Agreement are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

7.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Purchaser contained in Section 3 shall be true and correct in all material respects on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

7.2 PERFORMANCE. All covenants, agreements and conditions contained in this Agreement to be performed by the Purchaser on or prior to the Closing shall have been performed or complied with in all material respects.

7.3 QUALIFICATIONS. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Stock pursuant to this Agreement shall be obtained and effective as of the Closing.

7.4 STANDSTILL AGREEMENT. The Company and the Purchaser shall have executed and delivered the Standstill Agreement between the Company and the Purchaser.

7.5 GOVERNMENTAL CONSENTS. There shall have been obtained at or prior to the date of the Closing such permits or authorizations, and there shall be taken such other action, as may be required by any regulatory authority having jurisdiction over the parties and the subject matter and the actions herein proposed to be taken.

7.6 LEGAL INVESTMENT. At the time of the Closing the purchase and sale of the Stock shall be legally permitted by all laws and regulations to which the Purchaser and the Company are subject.

8. MISCELLANEOUS.

8.1 SURVIVAL OF WARRANTIES. Unless otherwise set forth in this Agreement, the warranties, representations and covenants of the Company and the Purchaser contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of four (4) years following the Closing.

8.2 TRANSFER; SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

8.3 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.

8.4 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.

8.5 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8.6 NOTICES. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by telegram or fax, or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, addressed to the party to be notified at the address set forth on the signature page hereof, or as subsequently modified by written notice, and (a) if to the Company, with a copy to:

Orrick, Herrington & Sutcliffe LLP
1020 Marsh Road
Menlo Park, CA 94025
Fax: 650-614-7401
Attn: Geoffrey P. Leonard

or (b) if to the Purchaser, with a copy to:

Cooley Godward LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306
Direct: (650) 843-5191
Fax: (650) 849-7400
Attn: Brett White

8.7 FINDER'S FEE. Each party represents that it neither is, nor will be, obligated for any other finder's fee or commission in connection with this transaction. The Purchaser agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Purchaser or any of its officers, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless the Purchaser from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

8.8 FEES AND EXPENSES. Each party shall pay its own fees and expenses irrespective of whether the Closing occurs; provided, however, that in the event the Closing occurs, the Company shall pay the legal fees and expenses incurred by the Purchaser in connection with the transactions under this Agreement, such fees and expenses not to exceed \$10,000.

8.9 ATTORNEY'S FEES. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of the Agreements, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

8.10 AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended with the written consent of the Company and the holders of at least a majority of the Converted Common Stock (calculated on an as-if-converted basis). Any amendment or waiver effected in accordance with this Section 8.10 shall be binding upon the Purchaser and each transferee of the Stock (or the Converted Common Stock), each future holder of all such securities, and the Company.

8.11 SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of

the Agreement shall be interpreted as if such provision were so excluded and (c) the balance of the Agreement shall be enforceable in accordance with its terms.

8.12 DELAYS OR OMISSIONS. No delay or omission to exercise any right, power or remedy accruing to any holder of any of the Stock, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any holder of any breach or default under this Agreement, or any waiver on the part of any holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

8.13 ENTIRE AGREEMENT. This Agreement, and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

8.14 CORPORATE SECURITIES LAW. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED UNLESS THE SALE IS SO EXEMPT.

[Signature Pages Follow]

The parties have executed this Series B Preferred Stock Purchase Agreement as of the date first written above.

COMPANY:

LANDEC CORPORATION

By: /s/ GARY T. STEELE

Gary T. Steele, President and CEO

Address: Landec Corporation
3603 Haven Avenue
Menlo Park, CA 94025
Tel: (650) 306-1650
Fax: (650) 261-3616

PURCHASER:

SEAHAWK RANCH IRREVOCABLE TRUST

By: /s/ KENNETH E. JONES

Kenneth E. Jones, Trustee

Address: 550 Pilgrim Drive, Suite F
Foster City, CA 94404

SIGNATURE PAGE TO PURCHASE AGREEMENT

FOR IMMEDIATE RELEASE

CONTACT INFORMATION:

AT THE COMPANY:

Gregory S. Skinner
Vice President Finance and CFO
(650) 306-1650

FINANCIAL RELATIONS BOARD/BSMG:

Pamela Roberts or Liz Saghi
(415) 986-1591

LANDEC CORPORATION ISSUES \$5.0 MILLION OF

PREFERRED STOCK

MENLO PARK, CA - October 25, 2001 -- Landec Corporation (Nasdaq: LNDC), a developer and marketer of technology-based polymer products for food, agricultural and licensed partner applications, announced today a private placement of \$5 million of Series B Preferred Stock to the Seahawk Ranch Irrevocable Trust of Foster City, California, effective October 24, 2001. Mr. Kenneth E. Jones, a director of Landec Corporation, is one of the trustees of the Seahawk Ranch Irrevocable Trust. The Series B Preferred Stock is convertible into Common Stock at \$3.50 per share, approximately the average price of Landec's Common Stock for the five days prior to the close.

The Series B Preferred Stock earns cumulative dividends payable in additional shares of Series B Preferred Stock at an annual rate of eight percent (8%) for the first two years, ten percent (10%) for the third year and twelve percent (12%) thereafter. The Series B Preferred Stock may be redeemed by Landec Corporation at any time for the original purchase price plus all accrued and unpaid dividends.

One half of the Series B Preferred Stock is convertible at any time into Common Stock at the option of the holder after the six-month anniversary of the closing. All of the Series B Preferred Stock is convertible at the holder's option after one-year from the closing date. If shares are converted under the agreement, the Company has agreed to use its best efforts to prepare and file with the Securities and Exchange Commission a Registration Statement under the Securities Act covering the converted Common Stock within ninety (90) days after the date the holder notifies the Company of its intent to convert all or a portion of the Series B Preferred Stock.

The Company intends to use the proceeds from this issuance to pay down bank debt, fund short-term working capital needs and help fund the expansion of the Company's value-added fresh-cut business.

Gary Steele, Landec's CEO stated, "Landec's plan for strengthening its balance sheet is focused on generating positive cash flow from operations during fiscal year 2002 and selling selective non-strategic assets. Given the reality of recent global events, we expect that the sale of non-strategic assets will take longer than originally anticipated. The trustees of the Seahawk Ranch Irrevocable Trust are showing their confidence in Landec's future by providing bridge financing for the period of time we will need to achieve our objectives."

The shares of Series B Preferred Stock and underlying Common Stock have not been and will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

ABOUT LANDEC CORPORATION

Landec Corporation designs, develops, manufactures and sells temperature-activated and other specialty polymer products for a variety of food, agricultural and licensed partner applications. The Company's temperature-activated polymer products are based on its proprietary Intelimer(R) polymers which differ from other polymers in that they can be customized to abruptly change their physical characteristics when heated or cooled through a pre-set temperature switch.