

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K/A-1

Current Report

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

Date of Report (Date of earliest event reported): August 28, 1997

Landec Corporation
(Exact name of registrant as specified in its charter)

0-27446
(Commission File Number)

California 94-3025618
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation)

3603 Haven Avenue, Menlo Park, CA 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)

The Registrant hereby amends the following items of its Current Report on Form 8-K filed with the Securities and Exchange Commission on September 12, 1997.

Item 7 (Financial Statements and Exhibits) (c) (Exhibits) is amended and restated in its entirety to read as follows:

(c) Exhibits.

10.18* Asset Purchase Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997.

10.19* Technology License Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997.

10.20* Supply Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997.

* Confidential treatment requested.

Exhibit No. in INDEX TO EXHIBITS is amended and restated as follows:

INDEX TO EXHIBITS

Exhibit No.	Exhibit Title
10.18	*Asset Purchase Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997
10.19	*Technology License Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997.
10.20	*Supply Agreement between Bissell Healthcare Corporation and Landec Corporation, dated August 28, 1997.

* Confidential treatment requested.

SIGNATURES

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.

LANDEC CORPORATION

Date: November 7, 1997

By: /s/ Joy T. Fry

Joy T. Fry
Vice President of Finance and
Administration and Chief
Financial Officer

ASSET PURCHASE AGREEMENT

between

BISSELL HEALTHCARE CORPORATION

as Buyer

and

LANDEC CORPORATION

as Seller

August 28, 1997

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EXHIBITS

1.1(a)	Description of Inventory
1.1(b)	Machinery and Equipment
1.1(c)	Contracts to be Assumed
1.1(d)	Trademarks
1.2	Form of License Agreement
1.5	Form of Supply Agreement
4.2(c)	Form of Opinion of Counsel for Seller
4.3(b)	Form of Opinion of Counsel for Buyer

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made as of the 28th day of August, 1997, by and between BISSELL HEALTHCARE CORPORATION, a Michigan corporation, d/b/a SAMMONS(TM) PRESTON with offices located at 4 Sammons Court, Bolingbrook, Illinois 60440-4989 ("Buyer"), and LANDEC CORPORATION, a California corporation with offices located at 3603 Haven Avenue, Menlo Park, California 94025-1010 ("Seller").

PREAMBLE

Seller is engaged, among other things, in the manufacture, distribution and sale of QuickCast(R) casting and splinting products (the "Products") using patented technology owned by Seller. Buyer desires to purchase from Seller and Seller desires to sell to Buyer certain of the assets associated with such business in accordance with the terms and subject to the conditions set forth in this Agreement. The manufacture, distribution and sale of the Products is hereinafter referred to as the "Business."

ACCORDINGLY, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1.

SALE AND PURCHASE OF ASSETS

Section 1.1 Agreement to Sell Assets. On the terms and subject to the conditions of this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the following assets (the "Purchased Assets"), free and clear of any and all security interests, liens, encumbrances, or adverse claims whatsoever:

(a) all inventories of raw materials, work in process, finished goods, packaging and supplies owned by Seller, wherever located, used or intended for use in the Business as described as of July 31, 1997, on Exhibit 1.1(a) ("Inventories");

(b) all machinery and equipment, including dies, molds, jigs, racks and tools, owned or leased by Seller and used in the Business, as described in Exhibit 1.1(b) ("Machinery and Equipment");

(c) all rights under the contracts relating to the Products or the Business identified in Exhibit 1.1(c) hereof ("Contracts");

(d) the registered trademark "QuickCast(R)," United States Trademark Registration No. 1,947,779 and No. 1,898,779 and the other trademarks, trade names and trade dress used by Seller in connection with the Business as described in Exhibit 1.1(d) and the goodwill associated therewith (the "Marks"); and

(e) all customer lists, product literature, advertising materials, graphics, art work, processes, manufacturing drawings, product designs, patterns, and design work directly relating to the Products or the Business.

Section 1.2 License Agreement. Seller shall grant Buyer the exclusive right to the patents, technology, copyrights, trade secrets and knowhow associated with the Products for all [****] applications (the "Licensed Technology"), by execution and delivery at Closing of the license agreement (the "License Agreement") in the form attached hereto as Exhibit 1.2.

Section 1.3 Purchase Price. In consideration of the transfer of the Purchased Assets to Buyer, Buyer agrees to pay Seller the sum of Nine Hundred Fifty Thousand Dollars (\$950,000) (the "Purchase Price"), plus the license fee set forth in the License Agreement (the "License Fee"). The Purchase Price, other than the License Fee, shall be payable by wire transfer of immediately available funds at the Closing, as such term is defined in Section 4.1 hereof. Except for the obligations from and after the Closing Date under the contracts referred to in Section 1.1(c) above and the sales and use tax obligations referred to in Section 1.6, the Buyer shall assume no liabilities of Seller whatsoever.

Section 1.4 Allocation of the Purchase Price. The purchase price shall be allocated to the various assets being purchased, as follows:

(a) Inventories - the sum of [****] Dollars (\$[****]).

(b) Machinery and Equipment - the sum of [****] Dollars (\$[****]).

(c) The Marks, customer lists, product literature, advertising materials, graphics, art work, processes, manufacturing drawings, product designs, patterns, and design work and the goodwill associated with the Business [the sum of [****] Dollars (\$[****])].

Seller shall retain title to the Inventories and the Machinery and Equipment until delivered to Buyer at Buyer's plant or other location designated by Buyer. Buyer shall pay all shipping costs and assume risk of loss when placed on common carrier at Seller's plant.

Section 1.5 Transition.

(a) Supply Agreement. Seller will manufacture finished Products for Buyer for a period of up to three (3) months following Closing and will manufacture laminated fabric for up to an additional three (3) months, pending transfer of the Business to a location selected by Buyer, all in accordance with the Supply Agreement in the form attached hereto as Exhibit 15. Upon Closing, all inventories of finished goods shall be shipped to Buyer's location, or other locations designated by Buyer. During the term of the Supply Agreement, all usable inventories of work in process or raw materials shipped to Buyer shall be recorded and at the conclusion of the Supply Arrangement, all remaining usable inventories of work in process and raw materials shall be inventoried and shipped to Buyer. To the extent the value of the usable raw materials

and work in process shipped to Buyer during the term or upon termination of the Supply Agreement, valued in accordance with Section 1.4(a) above, is in excess of the value as of the Closing, Buyer shall pay Seller the amount of such excess. To the extent the value of the usable raw materials and work in process shipped to Buyer during the term or upon termination of the Supply Agreement is less than the value as of the Closing, Seller shall promptly pay Buyer the amount by which the value is less than the value as of the Closing Date. Amounts due from either party under this provision shall be paid within thirty (30) days of the expiration of the Supply Agreement.

(b) Transition and Relocation and Costs. Buyer shall pay all its costs relating to the transition and relocation of the Business, including, but not limited to:

(1) Removal, shipping and installation of the manufacturing equipment, including modifications to new manufacturing location;

(2) Removal and shipping of inventory;

(3) Recruiting and training of workforce and startup of relocated manufacturing;

(4) Modification of packaging and advertising materials to reflect change of ownership; and

(5) Sales taxes and registration and transfer fees and expenses.

Seller will cooperate with Buyer to help minimize such costs.

(c) Technical Assistance.

(1) During the six months following Closing, Seller shall provide a total of [****] of free technical assistance and training. Seller will make the manufacturing operations manager and machine operator available at both Seller's facility and Buyer's facility for a maximum of [****]. Seller shall provide the remaining worker days for sales, marketing and customer service training. Buyer shall reimburse Seller for all travel expenses of such personnel of Seller incurred to provide such assistance and training at locations other than Seller's plant.

(2) During the six months following Closing and following the provision of the free technical assistance and training set forth in subparagraph (1) above, Seller shall provide additional technical assistance as may requested by Buyer from time to time. Buyer shall reimburse Seller for all travel and lodging expenses of such personnel of Seller and reimburse Seller at [****] of such employee's June 30, 1997 wages for such personnel for such period as they are providing technical assistance to Buyer. Seller agrees to use reasonable efforts to make its personnel available to Buyer at the times and to provide the assistance requested.

Section 1.6 Transfer Taxes. Buyer shall be responsible for paying and shall promptly discharge when due, and shall indemnify and hold harmless Seller from (a) any sales or use taxes or (b) any other transfer or similar taxes imposed by states other than the State of California on or attributable to the transfer of the Purchased Assets. Seller shall be responsible for any transfer or similar taxes (other than sales or use taxes) imposed by the State of California.

ARTICLE 2

REPRESENTATIONS, COVENANTS AND WARRANTIES OF SELLER

Seller represents, covenants and warrants to Buyer as follows:

Section 2.1 Organization and Standing of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

Section 2.2 Authorization and Enforceability. Seller has full capacity, power and authority to enter into this Agreement and to carry out the transactions contemplated hereby and this Agreement is binding upon Seller and is enforceable against Seller in accordance with its terms.

Section 2.3 Machinery and Equipment; Manufacturing Process. Exhibit 1.1(b) hereto describes all machinery and equipment owned or leased by Seller used or intended for use in connection with the Business. Except as set forth on Exhibit 1.1(b), Seller has good and marketable title to all of such machinery and equipment, free and clear of all claims, liens, security interests, encumbrances or other restrictions. Exhibit 1.1(b) describes all machinery and equipment used or intended for use by Seller in connection with the Business but not owned or leased by Seller and all machinery and equipment owned or leased by Seller used or intended for use by Seller in connection with the Business but not in the possession of Seller and, in the latter case, a description of where such property is now located. The machinery and equipment (whether owned or leased) of Seller are in good and operable condition and repair, normal wear and tear excepted. The machinery and equipment is all the machinery and equipment necessary to manufacture the Products, and is fit for the purposes for which it is to be used in such manufacturing process. To Seller's knowledge, no material used in the manufacturing process or the Products is toxic or a hazardous substance or requires disposal as a hazardous substance under applicable environmental laws. Supplier sourcing arrangements provide for availability of all materials currently used in the manufacturing process at costs consistent with those reflected in Seller's bill of materials.

Section 2.4 Litigation. There is no suit, action, proceeding (legal, administrative or otherwise), claim, investigation or inquiry (by an administrative agency, governmental body or otherwise) pending or, to Seller's knowledge, threatened involving the Products and, to Seller's knowledge, there is no factual basis upon which any such suit, action, claim, investigation, inquiry or proceeding could be asserted or based. To Seller's knowledge, there is no outstanding judgment, order, writ, injunction or decree of any court, administrative agency, governmental body or arbitration tribunal against or affecting Seller or any of the properties, assets or business to be sold hereunder.

Section 2.5 Financial Information. The financial information concerning the manufacture, distribution and sale of the Product that has been provided to Buyer is, in all respects, (i) in accordance with the books and records of Seller; and (ii) accurately and fairly reflects, in reasonable detail, the transactions, assets and liabilities and production costs of Seller.

Section 2.6 No Conflict with Other Instruments or Proceedings. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) result in the breach of any of the terms or conditions of, or constitute a default under, the Certificate or Articles of Incorporation or the Bylaws of Seller, or any contract, agreement, commitment, indenture, mortgage, pledge, agreement, note, bond, license or other instrument or obligation to which Seller is now a party or by which Seller or any of its properties or assets is bound or affected; or (ii) violate any law, rule or regulation of any administrative agency or governmental body or any order, writ, injunction or decree of any court, administrative agency or governmental body. There are no consents, approvals or authorizations of or declarations, filings or registrations with any third parties or governmental or regulatory authorities required in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, except for the transfer of the Medical Device Act registration.

Section 2.7 Contracts. All contracts of Seller related to the Products are described on Exhibit 1.1(c) hereto, which description includes: (i) any lease, installment purchase agreement or other contract with respect to machinery and equipment; (ii) any joint venture, distributorship, sales, advertising, agency, manufacturer's representative, franchise, license or similar contract or commitment; (iii) any contract or agreement for the purchase of any raw material, component, material or piece of equipment; and (iv) any contract purporting to limit the freedom of Seller to compete with respect to the Product. Complete and accurate copies of all contracts and agreements described on Exhibit 1.1(c) have been provided to Buyer. All contracts, agreements and other arrangements described on Exhibit 1.1(c) are valid and enforceable in accordance with their terms and Seller and, to Seller's knowledge, all other parties to each of the foregoing have performed all obligations required to be performed in connection therewith to date. Neither Seller nor, to Seller's knowledge, any such other party is in default or in arrears under the terms of any of the foregoing, and, to Seller's knowledge, no condition exists or event has occurred which, with the giving of notice or the lapse of time or both, would constitute a default under any of them.

Section 2.8 Intellectual Property. Exhibit 1.1(d) and Exhibit 1 to the License Agreement hereto sets forth a list of all letters patent, patent applications, inventions upon which patent applications have not yet been filed, service marks, trade names, trademarks, trademark registrations and applications, copyrights and copyright registrations and applications presently owned, possessed, licensed or used by Seller in connection with the Business. To Seller's knowledge, there is no infringement of or unlawful use by any person or entity of any such patents, service marks, trade names, trademarks or copyrights. Seller has not been notified that its processes used for manufacture of the Products or Products sold by Seller infringe any patent, trademark, trade dress, copyright, trade secret or other proprietary right of any other person or entity. Seller knows of no patents or trademarks or trade dress rights or copyrights held by any

other party, whether in the United States or any foreign country, which provide a factual basis for infringement or potential liability with respect to the manufacture, use, sale or offer for sale of the Products. No letters patent, patent applications, service marks, trade names, trademarks, trademark registrations and applications, copyrights, copyright registrations and applications or grants of licenses set forth on Exhibit 1.1(d) are subject to any pending or, to Seller's knowledge, threatened claim or challenge and, to Seller's knowledge, there is no valid basis for asserting any such claim or challenge. The manufacturing and engineering drawings, process sheets, specifications, bills of material, trade secrets, "know-how" and other like data of Seller are in such form and of such quality that Buyer can, following the Closing, design, produce, manufacture, assemble and sell the products and provide the services heretofore provided by Seller in a manner that meets the applicable specifications and conforms with the quality standards heretofore met by Seller. Except for registration under the Medical Device Act, Seller requires no license or other proprietary right to operate the Business or manufacture or sell the Products.

Section 2.9 Brokers' Fees. Seller has not incurred any liability for brokers' fees, finders' fees, agents' commissions, financial advisory fees or other similar forms of compensation in connection with this Agreement or any transaction contemplated hereby.

Section 2.10 Product Warranties. There are no express or implied warranties applicable to products sold by Seller. There is no action, suit, proceeding or claim pending or, to Seller's knowledge, threatened against Seller under any warranty, express or implied, and, to Seller's knowledge, there is no basis upon which any such claim could be made.

Section 2.11 Permits and Licenses. All permits, licenses, orders and approvals necessary for Seller to manufacture, distribute and sell the Products as presently conducted are in full force and effect and have been complied with. All fees and charges incident thereto have been fully paid and are current and no suspension or cancellation of any such permit, license, order or approval has been threatened or could result by reason of the transactions contemplated by this Agreement.

Section 2.12 Compliance with Law and Other Regulations. Seller is not subject to, nor has been, to Seller's knowledge, threatened with, any fine, penalty, liability or disability as the result of a failure to comply with any requirement of federal, state, local or foreign law or regulation (including those relating to the employment of labor and occupational health and safety) or any requirement of any governmental body or agency having jurisdiction over Seller, the conduct of its business, the use of its assets and properties or any premises occupied by it.

Section 2.13 Accuracy of Statements. No representation or warranty made by Seller in this Agreement, or any statement, certificate or schedule furnished, or to be furnished, to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained therein not misleading. The foregoing representations, covenants and warranties shall be deemed to be made as of the date of this Agreement and again as of the Closing Date.

ARTICLE 3

REPRESENTATIONS, COVENANTS AND WARRANTIES OF BUYER

Buyer represents, covenants and warrants to Seller as follows:

Section 3.1 Organization and Standing of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

Section 3.2 Authorization and Enforceability. Buyer has full capacity, power and authority to enter into this Agreement and to carry out the transactions contemplated hereby and this Agreement is binding upon Buyer and is enforceable against Buyer in accordance with its terms.

Section 3.3 Brokers' Fees. Buyer has not incurred any liability for brokers' fees, finders' fees, agents' commissions, financial advisory fees or other similar forms of compensation in connection with this Agreement or any transaction contemplated hereby.

ARTICLE 4

CLOSING

Section 4.1 Closing. The closing of the transactions contemplated herein (the "Closing") shall take place in the offices of BISSELL Healthcare Corporation, 4 Sammons Court, Bolingbrook, Illinois, commencing at 10 a.m. local time on Thursday, August 28, 1997, or at such other place or time as the parties may agree (the "Closing Date").

Section 4.2 Obligations of Seller. At the later of (i) Closing or (ii) transfer of the Purchased Assets to Seller, Seller shall deliver to Buyer:

(a) warranty bills of sale, assignments, and such other instruments of transfer as may, in the judgment of Buyer and its counsel, be sufficient to vest in Buyer good and marketable title to the Purchased Assets, free and clear of any and all claims, liens, mortgages, security interests, encumbrances, charges or other restrictions, in form satisfactory to Buyer and its counsel;

(b) all books of account, customer lists and other records pertaining to the Products or the Business;

(c) the opinion of Venture Law Group, counsel to Seller, covering those matters described in Exhibit 4.2(c) hereof;

(e) the License Agreement referred to in Section 1.2 hereof, duly executed on behalf of Seller; and

(f) the Supply Agreement referred to in Section 1.4 hereof, duly executed on behalf of Seller.

Section 4.3 Obligations of Buyer. At the Closing, Buyer shall deliver to Seller:

(a) the Purchase Price payable pursuant to Section 1.3 hereof;

(b) the opinion of Warner Norcross & Judd, LLP, counsel to Buyer, covering those matters described in Section 4.3(13) hereof;

(c) the License Agreement described in Section 1.2 hereof, duly executed on behalf of Buyer;

(d) instruments of assumption, assuming and agreeing to perform the liabilities of Seller under the Contracts, in form acceptable to Seller and its counsel; and

(e) the Supply Agreement referred to in Section 1.5 hereof, duly executed on behalf of Buyer.

Section 4.4 Further Documents or Necessary Action. Buyer and Seller agree to take all such further actions on or after the Closing Date at the expense of Buyer as are reasonably necessary or appropriate in order to effectuate the transactions contemplated in this Agreement.

ARTICLE 5

INDEMNIFICATION

Section 5.1 Indemnification by Seller. Seller shall defend, indemnify and hold harmless Buyer, against and in respect of:

(a) Liabilities. Any and all liabilities of any nature, whether known or unknown, accrued, absolute, contingent or otherwise, arising from the operation of the Business prior to the Closing Date, except to the extent attributable to the negligence, recklessness or intentional misconduct of Buyer;

(b) Breach of Warranty. Any and all loss, cost, damage, expense or deficiency, including incidental and consequential damages, suffered by Buyer as a result of facts, circumstances or events constituting a misrepresentation, breach of warranty or nonfulfillment of any warranty, covenant, representation, undertaking or agreement by Seller contained in this Agreement, regardless of whether any such misrepresentation, breach or omission was deliberate, reckless, negligent or innocent and unintentional; and

(c) Expenses. Any and all loss, cost, damage or expense incurred with respect to any claims, actions, suits, proceedings or assessments arising out of matters described in subsections (a) and (b) above, or the settlement thereof, including, without limitation reasonable accounting and legal fees.

(d) Clarification Regarding Indemnification under Section 5.1(a). The parties agree that Section 5.1(a) shall apply and Buyer shall be entitled to be held harmless from and to be indemnified for all liabilities incurred by Seller in the operation of the Business prior to the

Closing Date to Seller's customers, suppliers, employees, distributors or representatives. Section 5.1(a) shall not apply to liabilities incurred by Buyer in the operation of the Business after the Closing Date to Buyer's customers, suppliers, employees, distributors or representatives.

Seller shall reimburse Buyer from time to time after the Closing Date in respect of any liability or claim to which the foregoing agreement of indemnity relates; provided that if any action, suit, investigation or proceeding shall be commenced against or with respect to Buyer, in respect of which Buyer may demand indemnification hereunder, Buyer shall notify Seller to that effect with reasonable promptness after the commencement of such action, suit, investigation or proceeding, and Seller shall have the opportunity to defend against such action, suit, proceeding or investigation. If Seller elects to defend against any action, suit, proceeding or investigation, Seller shall notify Buyer to that effect with reasonable promptness. Buyer shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of Buyer, unless (i) the employment of such counsel at Seller's expense shall have been authorized in writing by Seller in connection with the defense of such action, suit, proceeding or investigation, (ii) Seller shall have decided not to defend against such action, suit, proceeding or investigation, (iii) Seller shall have exceeded the liability limitation set forth under subsection 5.1(d) above, or (iv) Buyer shall have reasonably concluded that such action, suit, proceeding or investigation involves to a significant extent matters beyond the scope of the indemnity agreement contained in this Article 5, in any of which cases Seller shall not have the right to direct the defense of such action, suit, proceeding or investigation on behalf of Buyer, and that portion of such fees and expenses reasonably related to matters covered by the indemnity agreement contained in this Article 5 shall be borne by Seller. Any party herein granted the right to direct the defense of a claim shall (i) keep the other fully informed of such action, suit, proceeding or investigation at all stages thereof whether or not represented, (ii) promptly submit to the other copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received in connection with such action, suit, proceeding or investigation, (iii) permit the other and its counsel, to the extent practicable, to confer on the conduct of the defense of such action, suit, proceeding or investigation, and (iv) to the extent practicable, permit the other and its counsel an opportunity to review all legal papers to be submitted prior to such submission. Each party shall make available to the other and its counsel and accountants all of its books and records relating to such action, suit, proceeding or investigation and each party shall render to the other such assistance as may be reasonably required in order to insure the proper and adequate defense of any such action, suit, proceeding or investigation.

Section 5.2 Indemnification by Buyer. Buyer shall defend, indemnify and hold harmless Seller against and in respect of:

(a) Liabilities. (i) Any and all liabilities of any nature, whether accrued, absolute, contingent or otherwise, arising from the operation of the Business following the Closing Date, except to the extent attributable to the negligence, recklessness or intentional misconduct of Seller;

(b) Breach of Warranty. Any and all loss, cost, damage, expense or deficiency, including incidental and consequential damages, suffered by Seller as a result of facts, circumstances or events constituting a misrepresentation, breach of warranty or nonfulfillment of any warranty, covenant, representation, undertaking or agreement by Buyer contained in this Agreement, regardless of whether any such misrepresentation, breach or omission was deliberate, reckless, negligent or innocent and unintentional;

(c) Physical Injury. Any injury to Seller's employees or agents incurred in connection with the provision of technical assistance and training pursuant to Section 1.5(c) due to the negligence, recklessness or intentional misconduct of Buyer or its agents or employees, whether on Buyer's premises or not; and

(d) Expenses. Any and all loss, cost, damage or expense incurred with respect to any claims, actions, suits, proceedings or assessments arising out of matters described in subsections (a), (b) and (c) above, or the settlement thereof, including, without limitation, reasonable accounting and legal fees.

Buyer shall reimburse Seller from time to time after the Closing Date in respect of any liability or claim to which the foregoing agreement of indemnity relates; provided that if any action, suit, investigation or proceeding shall be commenced against or with respect to Seller, in respect of which Seller may demand indemnification hereunder, Seller shall notify Buyer to that effect with reasonable promptness after the commencement of such action, suit, investigation or proceeding, and Buyer shall have the opportunity to defend against such action, suit, proceeding or investigation. If Buyer elects to defend against any action, suit, proceeding or investigation, Buyer shall notify Seller to that effect with reasonable promptness. Seller shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of Seller unless (i) the employment of such counsel at Buyer's expense shall have been authorized in writing by Buyer in connection with the defense of such action, suit, proceeding or investigation, (ii) Buyer shall have decided not to defend against such action, suit, proceeding or investigation, or (iii) Seller shall have reasonably concluded that such action, suit, proceeding or investigation involves to a significant extent matters beyond the scope of the indemnity agreement contained in this Article 5, in any of which cases Buyer shall not have the right to direct the defense of such action, suit, proceeding or investigation on behalf of Seller and that portion of such fees and expenses reasonably related to matters covered by the indemnity agreement contained in this Article 5 shall be borne by Buyer. Any party herein granted the right to direct the defense of a claim shall (i) keep the other fully informed of such action, suit, proceeding or investigation at all stages thereof whether or not represented, (ii) promptly submit to the other copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received in connection with such action, suit, proceeding or investigation, (iii) permit the other and its counsel, to the extent practicable, to confer on the conduct of the defense of such action, suit, proceeding or investigation, and (iv) to the extent practicable, permit the other and its counsel an opportunity to review all legal papers to be submitted prior to such submission. Each party shall make available to the other and its counsel and accountants all of its books and records relating to such action, suit, proceeding or investigation and each party

shall render to the other such assistance as may be reasonably required in order to insure the proper and adequate defense of any such action, suit, proceeding or investigation.

ARTICLE 6

GENERAL

Section 6.1 Survival of Representations, Warranties. All representations and warranties made by any party to this Agreement shall survive the Closing for a period of one year thereafter and any investigation at any time made by or on behalf of any party before or after the Closing. EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, MADE BY ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 6.2 Binding Effect; Benefits; Assignment. All of the terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and authorized assigns of the parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement except as expressly indicated herein. Neither Seller nor Buyer shall assign any of their respective rights or obligations under this Agreement to any other person, firm or corporation without the prior written consent of the other party.

Section 6.3 Definition of "Knowledge"." An individual will be deemed to have "knowledge" of a particular fact or other matter if:

(a) such individual is actually aware of such fact or other matter; or

(b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or other matter.

A person other than an individual will be deemed to have "knowledge" of a particular fact or other matter if any individual who is serving, or who has at any time served, as a director or officer of such person (or in any similar capacity) has, or at any time had, knowledge of such fact or other matter.

Section 6.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York as applicable to contracts made and to be performed in the State of New York.

Section 6.5 Public Disclosure. Neither Buyer nor Seller shall make any public disclosure of the existence or terms of this Agreement or the transactions contemplated hereby without the prior written consent of the other party, which consent shall not be unreasonably withheld.

Section 6.6 Notices. Any notice, consent, or communication required to be given or payment required to be made to any party hereunder shall be sent to its respective address as set forth below or to any other address as either party may, by written notice, advise to the other from time to time:

(a) If to Buyer:

BISSELL Healthcare Corporation
4 Sammons Court
Bolingbrook, Illinois 60440-4989
Fax No. (630) 226-1390
with a copy to:

Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street, N.W.
Grand Rapids, Michigan 49503-2489
Attention: Stephen R. Kretschman
Fax No. (616) 752-2500

(b) If to Seller:

LANDEC CORPORATION
3603 Haven Avenue
Menlo Park, California 94025-1010
Attention: Gary T. Steele
Fax No. (650) 368-9818

with a copy to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, California 94025
Attention: Tae Hea Nahm
Fax No. (650) 233-8386

Either party may change its address by prior written notice to the other party. Any and all notices shall be in writing and be delivered personally; by registered or certified mail (return receipt requested); or by telegram, facsimile, or overnight courier, to the other party at its then-current address. Any such notice shall be deemed to have been received by the addressee: (i) immediately, upon personal delivery and (ii) upon the date of receipt when delivered by other means.

Section 6.7 Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts shall together

constitute one and the same instrument. A document executed by a party and transmitted by facsimile transmission shall constitute valid execution and delivery, and any such document shall be binding on the party so executing and delivering such document.

Section 6.8 Expenses. Buyer and Seller shall pay their own respective expenses and costs including, without limitation, all attorneys' and accountants' fees incurred in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, unless otherwise indicated in this Agreement.

Section 6.9 Entire Agreement. This Agreement, and the exhibits and schedules hereto and the agreements referred to herein set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made that is not embodied in this Agreement or in the documents referred to herein and no party shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

Section 6.10 Amendment and Waiver. This Agreement may be amended, modified, superseded or canceled and any of the terms, covenants, representations, warranties or conditions hereof may be waived only by a written instrument executed by Seller and Buyer, or, in the case of a waiver, by or on behalf of the party waiving compliance. The failure of any party at any time to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later time to enforce the same. No waiver by any party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of any breach of any such term, covenant, representation or warranty or any other term, covenant, representation or warranty set forth herein.

Section 6.11 Severability. Any provision, or clause thereof, of this Agreement which shall be found to be contrary to New York law or otherwise unenforceable shall not affect the remaining terms of this Agreement, which shall be construed in such event as if the unenforceable provision, or clause thereof, were absent from this Agreement.

Section 6.12 Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

Section 6.13 Limitation of Liability.

(a) Neither party shall be liable to other for lost profits arising out of this Agreement, the License Agreement or the Supply Agreement under any theory of damages or through indemnification, even if a party has been advised of the possibility of such damages.

(b) In no event shall Seller be liable to Buyer under this Agreement, the License Agreement or the Supply Agreement under any theory of damages or through indemnification in the aggregate for amounts greater than [****]. This limitation shall not apply to [****].

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BISSELL HEALTHCARE CORPORATION

By /s/ Howard A. Schwartz

Howard A. Schwartz, President

"Buyer"

LANDEC CORPORATION

By /s/ Gary T. Steele

Gary T. Steele, President

"Seller"

Pages re following exhibits omitted.

Exhibit 1.1(a)	Description of Inventory
Exhibit 1.1(b)	Machinery and Equipment
Exhibit 1.1(c)	Contracts to be Assumed
Exhibit 1.1(d)	Trademarks
Exhibit 1.2(Form of License Agreement
Exhibit 1.5	Form of Supply Agreement
Exhibit 4.2(c)	Form of Opinion of Counsel for Seller
Exhibit 4.3(b)	Form of Opinion of Counsel for Buyer

TECHNOLOGY LICENSE AGREEMENT

TECHNOLOGY LICENSE AGREEMENT

This Technology Agreement ("Agreement"), dated as of the 28th day of August, 1997 ("Effective Date"), is by and between LANDEC CORPORATION, a California corporation ("Licensor") and BISSELL HEALTHCARE CORPORATION, d/b/a SAMMONS(TM) PRESTON, a Michigan corporation ("Licensee").

WHEREAS, Licensor is the owner of record of the complete right and title of and to several United States and foreign patents relating to the QuickCast(R) casting and splinting products.

WHEREAS, Licensor is selling to Licensee the QuickCast(TM) (R) product line, including exclusive worldwide licensing rights to the patents and related trade secrets knowhow and technology Licensor owns for all [****] applications, including, but not limited to the Products (as defined below).

WHEREAS, Licensor is willing to provide Licensee with technical support during the term of this Agreement, including support and consulting services relating to the machinery and equipment ("Machinery") used to manufacture the Products.

WHEREAS, Licensee wishes to license from Licensor certain intellectual property rights of Licensor for use in making the Products and future [****] applications.

NOW, THEREFORE, Licensor and Licensee (collectively, the "Parties") agree as follows:

Section 1. Definitions.

- 1.1 "Products" means the QuickCast(R) product line and all products involving a fabric coated with a sharp melting point polymer to shrink to fit for [****] applications.
- 1.2 "Patents" means the patents listed on Table I, including all reissues and reexaminations of and/or continuations-in-part, continuations and divisionals, and all foreign equivalents concerning the patents listed in Table I that are needed by Licensee to make, have made, use, sell and offer for sale the Products or any other [****] applications of the patents listed in Table I anywhere in the world; (ii) any improvements or modifications of the technology set forth in the patents listed in Table I developed or acquired by Licensor;
- 1.3 "Licensed Technology" means the proprietary technology of Licensor relating to fabric coated with a sharp melting point polymer to shrink to fit for [****] applications, including (i) the Patents; and (ii) all current trade secrets and knowhow owned, developed or acquired by Licensor and used or useful in connection with the

Products or other uses of the Licensed Technology in [****] applications.

Section 2. License.

- 2.1 Subject to the further terms of this Agreement, Licensor hereby grants to Licensee and its subsidiaries, affiliates, and controlled companies, the exclusive, worldwide right and license in the Licensed Technology to use the same in connection with its efforts to have made, import, make, use, sell, and offer for sale the Products or other products or services incorporating the Licensed Technology in the [****] applications, including, but not limited to, the manufacture and sale of the Products ("License").
- 2.2 Licensee may grant sublicenses of the exclusive rights granted under Section 2.1. Upon termination of this Agreement, all sublicense agreements will automatically terminate.
- 2.3 Licensor agrees that it will not manufacture, have manufactured, distribute or sell the Products or any other [****] products incorporating the Licensed Technology.
- 2.4 Licensor shall retain such rights to the Licensed Technology as are necessary for it to perform its obligations under that certain Supply Agreement of even date between the parties hereto (the "Supply Agreement").

Section 3 Consideration.

- 3.1 In consideration for the grant set forth in Section 2, Licensee shall pay to Licensor a License Fee on Net Sales for a period of ten (10) years from the date hereof according to the following schedule:
- (a) On the first [****] Dollars (\$[****]) of Net Sales (on a cumulative basis), [****]% of Net Sales; and
 - (b) On all sales in excess of [****] Dollars (\$[****]) (on a cumulative basis), [****]% of Net Sales.

As of the tenth anniversary of the Effective Date, the License Fee shall be fully paid and Licensee shall continue to have all the rights granted hereunder for the remainder of the term of this Agreement.

- 3.2 For purposes hereof{ Net Sales shall mean the gross sales for the Products and any other products or services incorporating the Licensed Technology sold by Licensee, its affiliates, controlled companies or sub-licensees as reflected on the invoice (or other documentation of amount owed) for the Products or such other products or services incorporating the Licensed Technology, exclusive of taxes, insurance, shipping or similar charges less discounts, returns and allowances.

3.3 The License Fee shall be payable in quarterly installments on or before the 30th day following each calendar quarter, commencing October 30, 1997, with respect to the period ended September 30, 1997, through a final payment on October 30, 2007 for the period ending August 27, 2007. Each quarterly payment shall be accompanied by a statement showing the Net Sales for the preceding calendar quarter and the computation of the License Fee. All payments shall be in United States dollars. For purposes of Net Sales denominated in a currency other than United States dollars, the exchange ratio in effect as of the last day of each calendar quarter shall be used for purposes of conversion to U.S. dollars. Licensor shall have the right no less often than annually to have the License Fees paid during the preceding two years audited by an accounting firm of national standing selected by Licensor and Licensee agrees to provide such accounting firm with such information as it may request to perform such audit. Licensor shall pay all costs and expenses of such accounting firm, unless such audit determines that License Fees have been underpaid by more than five percent (5 %) of the total License Fees during any period of twelve months or more, in which event, Licensee shall pay all costs and expenses of such accounting firm.

3.4 Licensee agrees to pay all maintenance fees and annuities as they become due. Licensee shall determine, in its sole discretion, in which jurisdictions to maintain registration of the Patents.

Section 4. Technical Support Services. Licensor shall, at Licensee's request, provide Licensee with reasonable technical assistance and guidance in the use of the Licensed Technology by making relevant personnel of the Licensor available during ordinary business hours and at times and places mutually agreed upon by the parties, to facilitate and implement the transfer of the Licensed Technology and to provide such other advice and assistance in the technical development of the Products for the commercial market provided, that Licensor shall not be obligated to provide such personnel for more than [****] days per year. Licensee shall reimburse Licensor for such technical assistance at the rate of [****] Dollars (\$[****]) per working day and shall reimburse Licensor in the amount of all costs of transportation, lodging and meals incurred in connection with the provision of such technical assistance pursuant to this Section 4. The obligation of Licensor under this Section 4 shall terminate on August 27, 2007.

Section 5. Representations and Warranties.

5.1 Licensor represents and warrants that it: (i) is the owner of record of the complete right and title of and to the Patents and the Licensed Technology, except such rights the inventor may have in the Patents notwithstanding a complete assignment of the Patents to Licensor, (ii) has the legal power and right to extend the rights granted to Licensee in this Agreement, and (iii) that it has not made and will not make any grants of licenses or other commitments to third parties with respect to intellectual property in the field of [****] applications.

- 5.2 Licensor represents and warrants to Licensee that the Licensed Technology does not infringe upon any U.S. or foreign patent, trade secret, or other proprietary rights of any third party.
- 5.3 Licensor represents and warrants that it will not assert against Licensee any patent or other proprietary rights, now owned or later acquired, that would interfere with Licensee's exercise of the rights granted in this Agreement with respect to use of the Licensed Technology in [****] applications.
- 5.4 EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, MADE BY ANY PARTY, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 6. Indemnification.

- 6.1 Licensor shall defend, indemnify and hold harmless Licensee, its subsidiaries, affiliates, and controlled companies, including their respective officers and other employees, as well as their distributors, agents, or dealers (collectively, "Indemnitees" and, individually, as applicable, "Indemnitee"), against any claim ("Claim") for losses, damages or other liabilities made by third parties alleging that the Patents or Licensed Technology infringes any third party proprietary rights.
- 6.2 Upon any assertion of any such Claim against any Indemnitee, Licensee shall promptly notify Licensor of such Claim. Licensor shall control the investigation, defense, and settlement of any such Claim.
- 6.3 Licensee may, at its election, after assertion of any Claim, deposit License Fees payable to Licensor under this Agreement in an interest-bearing reserve fund ("Reserve Fund") with a bank or trust company of Licensee's choosing, until resolution of such Claim. Upon resolution of the Claim, Licensee shall have the right to apply the amounts in the Reserve Fund to (i) any lump sum to be made in settlement of such Claim, (ii) all costs and damages assessed in a final and unappealed judgment entered against any Indemnitee as a result of such Claim, and (iii) all legal fees and other expenses incurred in the defense of such Claim. Any remainder shall be paid to Licensor in full and complete payment for all past due License Fees.
- 6.4 To the extent that the amounts in the Reserve Fund are insufficient, Licensor agrees to reimburse Licensee for (i) any sum to be made in settlement of such Claim, (ii) all costs and damages assessed in a final and unappealed judgment entered against any Indemnitee as a result of such Claim, and (iii) all legal fees and other expenses incurred in the defense of such Claim.
- 6.5 If in settlement of any such Claim, Licensee is required to pay running royalties to the plaintiff the License Fees to be paid by Licensee to Licensor for any given year shall be reduced by the amount of the running royalties for that year, and in the event such running

royalties exceed the License Fees hereunder, Licensor shall promptly reimburse Licensee for such excess.

- 6.6 In no event shall Licensor be liable to Licensee under this Agreement, a certain Asset Purchase Agreement or Supply Agreement each of even date under any theory of damages or through indemnification in the aggregate for amounts greater than [****]. This limitation shall not apply to [****]. [****].
- 6.7 Neither party shall be liable to other for lost profits arising out of this Agreement, the Asset Purchase Agreement or the Supply Agreement of even date under any theory of damages or through indemnification, even if a party has been advised of the possibility of such damages.
- 6.8 The obligations of Licensor under this Section 6 shall terminate on August 28, 2006.

Section 7. Third Party Infringement.

- 7.1 If any of the Patents is infringed by any third party during the term of this Agreement, Licensor shall have the first right, but not the obligation, to take appropriate action to suppress such infringement. If Licensee requests Licensor in writing to suppress any infringement and Licensor fails to take action within fourteen (14) days to suppress the infringement or fails to file suit against the identified infringer or to otherwise cause the infringement to cease within six (6) months, Licensee shall have the right to enforce the patent. Licensor shall promptly inform Licensee of any incidence of actual or potential third party infringement of any of the Patents that Licensor is or becomes aware of during the term of this Agreement.
- 7.2 In the event that Licensee exercises its right to enforce the Patents, Licensor agrees to tender its right to enforce to Licensee and to be named as a party if necessary. Licensor also agrees to cooperate with Licensee in the disposition of any charge or suit against the infringer and Licensee agrees to reimburse Licensor for all reasonable expenses incurred by Licensor.

- 7.3 All expenses, including attorney fees, incurred in the prosecution of any charge or suit against a third party shall be borne solely by the party that asserted the charge or filed the suit against the infringer.
- 7.4 Any sums recovered in any suit against a third party for infringement of any of the Patents or in settlement of any charge of infringement shall be distributed to the party that filed the suit.

Section 8. Confidentiality.

- 8.1 All confidential information of any kind relating to any product, process, or equipment furnished to the other party in writing shall be clearly marked by the disclosing party as confidential and will be treated as confidential and secret and will not be disclosed by the other party to third parties or used by the other party, without previous written approval by the disclosing party, except that such information may be disclosed to such employees as reasonably required under this Agreement and who have secrecy obligations with their employer. In the case of oral information, a written memorandum of such information marked confidential shall be delivered to the other party within thirty (30) days.
- 8.2 Each party agrees not to make any use whatsoever of confidential information of the other disclosed to it under this Agreement except for the purposes contemplated by this Agreement.
- 8.3 The obligations set forth in Sections 8.1 and 8.2 shall not in any way restrict or impair each party's right to use or disclose to others any information (a) which is now in its possession; (b) which is or becomes public knowledge through no fault of the receiving party; (c) which is obtained by the receiving party from a third party who, in making such information known, is not in violation of any obligation of confidentiality to the other party; or (d) that can be demonstrated to have been developed by the other party without reference to the confidential information.
- 8.4 The obligations of confidentiality contained in this Agreement shall remain in effect for a period of five (5) years from the date this Agreement expires or is terminated.

Section 9. Term and Termination.

- 9.1 The Term of this Agreement shall commence as of the Effective Date and continue in effect until the expiration of Licensor's rights in the Licensed Technology or until otherwise terminated in accordance with the terms of this Agreement.
- 9.2 In the event that any party breaches any material term of this Agreement and fails to remedy such breach within thirty (30) days after written notice thereof, or in the event of a party is declared bankrupt or insolvent, the other party shall be entitled to terminate this Agreement upon written notification of such termination to the other.

- 9.3 If Licensee fails to pay License Fees on Net Sales of at least (i) [****] Dollars (\$[****]) with respect to [****] and (ii) [****] Dollars (\$[****]) with respect to any calendar year commencing with calendar year [****] through and including calendar year 2006, Licensor may, during the thirty (30) day period commencing April 1 of the following calendar year, give Licensee notice that it is terminating this Agreement effective at the end of thirty days from the date of such notice, whereupon this Agreement shall terminate at such time unless during such notice period Licensee pays Licensor License Fees in a sufficient amount when added to License Fees attributable to the prior calendar to equal or exceed License Fees on Net Sales of (i) [****] Dollars (\$[****]) with respect to [****] or (ii) [****] Dollars (\$[****]) for calendar year [****] and each subsequent year through and including calendar year 2006.
- 9.4 Upon termination of this Agreement pursuant to Section 9.2 or 9.3 hereof, Licensee shall cease from any further manufacture of products incorporating the Licensed Technology, however, Licensee shall have a period of [****] during which to meet commitments to customers and sell its existing inventory of products incorporating the Licensed Technology. If such termination occurs during the first ten years of this Agreement, Licensee will continue to pay the License Fee in accordance with Section 3 hereof with respect to Net Sales during such period.
- 9.5 Upon termination, the obligation of the Licensee to pay License Fees under Section 3.1 through the date of termination and the obligations of the parties under Sections 6 and 8 shall survive.

Section 10. Notices.

- 10.1 Any notice, consent, or communication required to be given or payment required to be made to any party hereunder shall be sent to its respective address as set forth below or to any other address as either party may, by written notice, advise to the other from time to time:

(a) BISSELL Healthcare Corporation
4 Sammons Court
Bolingbrook, Illinois 60440-4989
Fax No. (630) 226-1390

with a copy to:

Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street, NW.
Grand Rapids, Michigan 49503-2489
Attention: Stephen R. Kretschman
Fax No. (616) 752-2500

(b) If to Licensor:

LANDEC CORPORATION
3603 Haven Avenue
Menlo Park, California 94025-1010
Attention: Gary T. Steele
Fax No. (650) 368-9818

with a copy to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, California 94025
Attention: Tae Hea Nahm
Fax No. (650) 233-8386

10.2 Any and all notices shall be in writing and be delivered personally; by registered or certified mail (return receipt requested); or by telegram, facsimile, or overnight courier, to the other party at its then-current address. Any such notice shall be deemed to have been received by the addressee: (i) immediately, upon personal delivery and (ii) upon the date of receipt when delivered by other means.

Section 11. Miscellaneous.

11.1 This Agreement may be executed in a number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

11.2 Section headings are included for convenience, but shall not form a part of the Agreement or affect the interpretation of any part hereof.

11.3 This Agreement constitutes the entire understanding of the Parties with respect to the matters addressed herein and may be amended only by a writing signed by both Parties.

11.4 No modification, renewal, extension, or waiver of this Agreement or any of its provisions shall be binding, unless done in a writing signed by the Parties.

11.5 The invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of any other term or provision hereof. Any invalid or otherwise unenforceable term or provision shall be deemed severed herefrom and the remainder of the Agreement shall be construed and enforced as if the Agreement did not contain such severed term or provision.

11.6 This Agreement shall be interpreted and construed in accordance with the laws of the state of New York, without giving effect to its choice of laws rules.

11.7 Licensee may assign this Agreement, provided, however, upon any such assignment made without Licensor's written consent, Licensor may terminate its obligations under Section 4 hereof. Licensor may not assign this Agreement without the prior written consent of Licensee, provided, however that Licensor may assign this Agreement without the prior written consent of Licensee to a person or entity that acquires all the Licensed Technology and who assumes all of the obligations of Licensor under this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives and to become effective as of the Effective Date.

LANDEC CORPORATION
Licensor

BISSELL HEALTHCARE CORPORATION
Licensee

By: /s/ Gary T. Steele

By: /s/ Howard A. Schwartz

Gary T. Steele, President

Howard A. Schwartz, President

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Pages re Table I (List of U.S. and Foreign Patents) omitted

SUPPLY AGREEMENT

SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT ("Agreement") is made as of the 28th day of August, 1997, by and between BISSELL HEALTHCARE CORPORATION, a Michigan corporation, d/b/a SAMMONS(TM) PRESTON with offices located at 4 Sammons Court, Bolingbrook, Illinois 60440-4989 ("Buyer"), and LANDEC CORPORATION, a California corporation with offices located at 3603 Haven Avenue, Menlo Park, California 94025-1010 ("Seller").

PREAMBLE

Buyer and Seller have entered into an Asset Purchase Agreement dated August 28, 1997 (the "Purchase Agreement"), pursuant to which Buyer has agreed to purchase and Seller has agreed to sell certain assets associated with the QuickCast(R) line of casting and splinting products (the "Products"). Following the Closing, Buyer intends to transfer the manufacture of the Products from Seller's Menlo Park, California facility to a location selected by Buyer and, prior to the completion of such transfer, Buyer desires that the Products continue to be manufactured by Seller for sale to Buyer pursuant to the terms set forth herein. All capitalized terms used in this Agreement and not otherwise defined have the meanings set forth in the Purchase Agreement.

AGREEMENT

The parties, intending to be legally bound, agree as follows:

1. Sale and Purchase Commitment.

(a) Until November 27, 1997 or such earlier date as the tube winding, die cutting, spica assembly, kitting and related equipment used in the manufacture of the Products is removed from the Seller's plant, Buyer shall purchase from Seller, and Seller shall sell to Buyer, QuickCast(R) casting and splinting kits for the products listed on the attached Exhibit A (the "Finished Products") upon the terms and conditions set forth in this Agreement.

(b) Upon Seller's termination of manufacture and sale of the Finished Products, until February 24, 1998 or such earlier date as the lamination equipment is removed from Seller's plant, Seller shall sell to Buyer laminated fabric ("Laminations") upon the terms and conditions set forth in this Agreement.

2. Production Scheduling. Unless Buyer and Seller agree in writing on a different delivery schedule for the Finished Products or Laminations, Seller will provide and deliver Finished Products or Laminations to Buyer in accordance with [monthly] Supplier Schedules, as follows:

(a) Scheduled Receipts; Finished Products. Buyer shall furnish Seller concurrently with the execution of this Agreement and [monthly] thereafter a Supplier Schedule for the Finished Products specifying (i) Finished Products to be delivered to Buyer and (ii) Finished Products that Buyer estimates will be required to be delivered through

November 27, 1997 (or such earlier date as the tube winding, die cutting, spica assembly, kitting and related equipment used in the manufacture of the Products is removed from the Seller's plant). The quantities of any Finished Products specified in any Supplier Schedule for delivery are firm purchase commitments for such Finished Products by Buyer and may not be altered except by mutual agreement of the parties. The quantities of Finished Products specified during the remaining period covered by the Supplier Schedule represent only estimated requirements which may be canceled or adjusted at any time by Buyer. The specification of quantities of Finished Products for delivery after the term of Seller's agreement to provide Finished Products shall not be construed as an extension or an offer to extend the term of such agreement.

(b) Scheduled Receipts; Laminations. For periods following Seller's termination of manufacture the Finished Products, Buyer shall furnish Seller with [monthly] Supplier Schedules for Laminations specifying (i) Laminations to be delivered to Buyer and (ii) Laminations that Buyer estimates will be required to be delivered through February 24, 1998. The quantities of any Laminations specified in any Supplier Schedule for delivery are firm purchase commitments for such Laminations by Buyer and may not be altered except by mutual agreement of the parties. The quantities of Laminations specified during the remaining period covered by the Supplier Schedule represent only estimated requirements which may be canceled or adjusted at any time by Buyer. The specification of quantities of Laminations for delivery after the stated term of this Agreement shall not be construed as an extension or an offer to extend the term of this Agreement.

(c) Material Authorizations. Seller shall obtain Buyer's prior approval of each purchase of raw materials or supplies for use in the production of Products or Laminations, where such purchase is in an amount in excess of [****] Dollars (\$[****]) during the term of this Agreement.

3. Time. Seller agrees that time is of the essence in meeting the delivery dates specified by Buyer and that it will deliver Finished Products or Laminations by the delivery dates specified by Buyer. Specified delivery dates are the dates on which the Finished Products or Laminations must be received at Buyer's dock. Buyer may refuse delivery of Finished Products or Laminations that arrive prior to the delivery date specified in the Supplier Schedule. Unless otherwise agreed in writing, Seller shall be responsible for any premium freight charges incurred to meet the delivery dates specified in the initial Supplier Schedule that has been delivered to Seller covering the period ending November 27, 1997, or any other Supplier Schedule accepted by Seller. Buyer shall be responsible for any premium freight charges incurred in meeting any increases from those reflected in the initial Supplier Schedule that are not accepted by Seller.

4. Quantity. Buyer's acceptance of a delivery containing less than the required quantity will not relieve Seller of its obligation to deliver the balance of the ordered Finished Products or Laminations.

5. Price and Payment; Taxes.

(a) Prices. Buyer shall pay to Seller the price per unit identified on Exhibit A hereto ("Prices") for the Finished Products or Laminations.

(b) Invoices. Invoices for Finished Products or Laminations shall be submitted to Buyer upon Seller's shipment of Finished Products or Laminations.

(c) Taxes. Seller shall be responsible for and shall pay all federal, state, and local income, excise, property, employment and other taxes similar to or differing from any of the foregoing, incurred or levied for or in connection with the manufacture, sale, and/or delivery of Finished Products or Laminations F.O.B. Seller's Menlo Park, California facility.

6. Manufacture.

(a) Specifications. Seller shall manufacture the Finished Products or Laminations according to existing specifications and in conformity with the products previously provided to Buyer.

(b) Revised Specifications. If so requested by Buyer, Seller shall cooperate with Buyer's employees and outside agencies designated by Buyer in developing additional or revised specifications for Finished Products or Laminations including a revised price, if appropriate. No revisions to specifications shall be binding on Seller under this Agreement without Seller's written approval.

7. Delivery. Seller shall deliver the Finished Products or Laminations F.O.B. Seller's Menlo Park, California facility.

8. Quality Acceptance and Rejection; Inspection.

(a) Inspection. Buyer shall have a reasonable period of time to inspect any shipment of Finished Products or Laminations delivered by Seller pursuant to this Agreement. Buyer shall not be required to accept delivery of, nor shall Buyer be responsible for payment for, any shipment that does not conform to Finished Products or Laminations specifications.

(b) Remedies. Without limiting any other rights or remedies available to Buyer, Buyer may exercise the rights and remedies accorded by the Michigan Uniform Commercial Code. If Buyer rejects Finished Products or Laminations for failure to meet specifications, Seller shall be solely responsible for all costs associated with the handling, transporting and disposing of any such non-conforming Finished Products or Laminations.

(c) Access to Premises. During the term of this Agreement, Buyer shall have access to the portion of Seller's facility manufacturing Finished Products or Laminations hereunder during ordinary business hours to evaluate Seller's quality control procedures relating to the manufacture of Finished Products or Laminations hereunder and to otherwise inspect the manufacture of Finished Products or Laminations.

9. Information to be Provided by Seller. Seller will provide the following information on:

	Each Package -----	Packaging List -----	Invoice -----
Purchase order or agreement number	X	X	X
Purchase order or agreement line number	X	X	X
BHC product code	X	X	X
Quantity per package	X	X	
Number of packages per pallet		X	
Total number of packages		X	
Total quantity		X	X
Lot number or production date	X	X	X
Date shipped		X	X

10. Seller's Representations and Warranties. Seller hereby represents and warrants to Buyer as follows:

(a) Product Warranty. The Finished Products or Laminations shall be manufactured in compliance with the Product specifications and in conformity with the products previously provided to Buyer, and shall be free from defects in material and workmanship. The foregoing warranty extends to future performance of the Finished Products or Laminations and will survive inspection, testing, acceptance and payment.

(b) Legal Compliance. Seller warrants that all Finished Products or Laminations sold hereunder will be manufactured, labeled, packaged, shipped and delivered, and that required notices will be given, in compliance with all foreign law applicable to Seller and all applicable federal, state and local laws, regulations, standards and orders. Seller agrees to furnish upon Buyer's request written certification of such compliance. Seller certifies that all Finished Products or Laminations sold hereunder will be manufactured and delivered in accordance with the Fair Labor Standards Act of 1938, as amended, and agrees to furnish written certification of such fact upon request in a form approved by the United States Department of Labor. Seller shall secure any and all permits and governmental fees, licenses, and inspections necessary for the manufacture and delivery of the Finished Products or Laminations hereunder (but excluding any such permits, governmental fees, licenses and inspections associated with the relocation of manufacturing, all of which are the responsibility of Buyer).

11. Indemnification. Seller agrees that it shall, at its own cost and expense, protect, indemnify and hold harmless Buyer and Buyer's distributors, dealers, customers, successors, and assigns from and against any and all claims, actions, lawsuits, judgments, losses, damages, liabilities, costs and expenses, including attorneys fees and any amounts paid in defense or settlement, which may arise out of or in connection with any actual or alleged death or injury to any person, damage to any property, or any other damage or loss, resulting in whole or in part from any actual or alleged defect in the Finished Products or Laminations delivered pursuant to this Agreement or the failure of such Finished Products or Laminations to comply with the specifications or with the warranties of Seller.

Buyer may defend any such claim or suit, or may direct Seller to assume such defense, or any part thereof. If Seller defends any such claim or suit, it shall employ counsel reasonably satisfactory to Buyer. The defending party shall keep the other party fully advised of the progress of such claim or suit and permit such other party thereafter to join in its own defense or defend itself in such claim or suit at any time. Seller shall reimburse Buyer for all out-of-pocket costs incurred by Buyer in connection with Buyer's conduct of or participation in any such defense, including, without limitation, attorneys fees.

12. Insurance. Seller agrees to obtain and maintain in full force and effect during the term of this Agreement and any renewal or extension hereof, comprehensive general public liability insurance, including product liability and vendor coverage, with single limit coverage of at least [****] Dollars (\$[****]) for bodily injury and property damage per occurrence. Seller also agrees to obtain and maintain fire and extended coverage insurance in an amount sufficient to replace any tools, molds or other property of Buyer in the possession of Seller damaged or destroyed by fire or other casualty. Upon request, Seller will provide Buyer with certificates of insurance reflecting such coverage. At Buyer's request, Seller shall have Buyer named as an additional insured on all such policies and for thirty (30) day's prior written notice to Buyer of cancellation or expiration.

13. Excusable Delay. Neither party shall be deemed in default of its obligations hereunder for a failure to perform due to acts of God, acts of the federal, state or local government, fires or explosions. Each party shall provide the other with prompt notice as to the possibility of such a cause of delay and shall use due diligence and all reasonable efforts to avoid and cure any such cause so as to resume performance hereunder as soon as reasonably possible.

14. Term. The term of this Agreement shall commence on the Closing Date and shall remain in full force and effect until February 24, 1998 or such earlier date as the last of the manufacturing equipment is removed from Seller's plant.

15. Termination. This Agreement may be terminated by either party prior to the expiration of the term of this Agreement upon written notice to the other party, which notice shall specify the reason for the termination and effective date of such termination, upon or after the occurrence of any of the following events:

(a) Breach. A breach by the other party of any of the material terms or conditions of this Agreement which is not corrected within thirty (30) days after receipt of written notice thereof; or

(b) Insolvency or Bankruptcy. If the other party is insolvent or adjudicated bankrupt or the other party applies for, consents to, or acquiesces in (i) the appointment of a receiver for substantially all of its assets or the making of a general assignment for the benefit of its creditors, or (ii) the filing of a voluntary or involuntary petition in bankruptcy seeking reorganization, composition, adjustment, arrangement with creditors, liquidation, dissolution, or similar relief under applicable bankruptcy laws, or any other federal or state law relating to bankruptcy or insolvency, or (iii) the filing of any answer admitting the material allegations of such a petition by either party hereto.

16. Survival or Rights. The expiration or termination of this Agreement shall not terminate vested rights or release either party from any liabilities or obligations incurred under this Agreement prior to and which by their nature continue after such expiration or termination, except as expressly provided herein.

17. Confidentiality. Each party agrees to maintain as secret and confidential, and not to disclose to third parties without the prior written consent of the other party, any confidential information of such other party. Each party each agrees to take all reasonable care, including all reasonable precautions suggested by the other party, to ensure that such confidential information is not revealed to others. For purposes of this section, "confidential information" means information that is not generally known to the public, including, without limitation, trade secrets, technical and proprietary information, know-how, new products, research projects and methods, sales techniques, manufacturing techniques, financial data, product or component pricing, business or financial plans, customer lists, and information of a similar nature. The terms and provisions of this Section shall survive termination of this Agreement.

18. Intellectual Property Rights. Buyer is licensing certain technology from Seller. Seller acknowledges and agrees that all patents, copyrights, trademarks and other proprietary rights in the Finished Products or Laminations other than those being licensed from Seller are and at all times shall remain the property of Buyer. Seller further acknowledges and agrees that this Agreement shall create no right or license whatsoever in or to any copyrights, trademarks, or proprietary information of Buyer.

19. Notice. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt), (ii) sent by telecopier, provided that a copy is mailed by registered mail, return receipt requested, or (iii) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties) marked "personal and confidential":

If to Buyer: If to Seller:

BISSELL HEALTHCARE CORPORATION
4 Sammons Court
Bolingbrook, Illinois 60440-4989
Attention: Howard A. Schwartz
Telecopier: (630) 226-1390

LANDEC CORPORATION
3603 Haven Avenue
Menlo Park, California 94025-1010
Attention: Gary T. Steele
Telecopier: (650) 368-9818

with copy to:

Warner Norcross & Judd LLP
900 Old Kent Building
111 Lyon Street NE

with copy to:

Venture Law Group
2800 Sand Hill Road
Menlo Park, California 94025

Grand Rapids, Michigan 49503
Attention: Stephen R. Kretschman
Telecopier: (616) 752-2500

Attention: Tae Hea Nahm
Telecopier: (650) 233-8386

20. Amendments. This Agreement may be amended only in writing making express reference to this Agreement, signed by both of the parties hereto.

21. Entire Agreement. This Agreement, including the attachments hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the parties. There are no representations, warranties, undertakings or agreements between the parties with respect to the subject matter of this Agreement except as set forth herein.

22. Invoices and Purchase Orders. All purchases and sales of Finished Products or Laminations shall be governed exclusively by the terms and conditions set forth in this Agreement (and all attachments hereto), notwithstanding any additional, different, or conflicting terms that may appear on any purchase order or other document.

23. Remedies; Waiver. Nothing contained in this Agreement shall preclude any party from pursuing any remedies available at law or otherwise against any other party arising out of a breach of one or more of the terms of this Agreement. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision of this Agreement.

24. Assignment. Buyer may assign this Agreement. Seller may not assign this Agreement without the prior written consent of Buyer, provided, however that Seller may assign this Agreement without the prior written consent of Buyer to a person or entity that acquires all the Licensed Technology and who assumes all of the obligations of Seller under this Agreement. Seller shall not subcontract any of its obligations hereunder without the prior written consent of Buyer.

25. Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

26. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any laws that would otherwise govern under applicable principles of conflict of laws.

27. Severability. In the event any term or provision of this Agreement shall be deemed to be illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability will not affect any other term or provision of this Agreement and the parties shall endeavor to replace the illegal, invalid or unenforceable provision with a provision corresponding to the intention of the parties hereto.

28. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

29. Disclaimer of Warranty. EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, MADE BY ANY PARTY, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

30. Limitation of Liability.

(a) Neither party shall be liable to other for lost profits arising out of this Agreement, the Technology License Agreement or the Asset Purchase Agreement each of even date under any theory of damages or through indemnification, even if a party has been advised of the possibility of such damages.

(b) In no event shall Seller be liable to Buyer under this Agreement, the Technology License Agreement or the Asset Purchase Agreement each of even date under any theory of damages or through indemnification in the aggregate for amounts greater than [****]. This limitation shall not apply to [****].

The parties have executed this Agreement on the dates set forth below.

BISSELL HEALTHCARE CORPORATION

By /s/ Howard A Schwartz

Howard A. Schwartz, President

LANDEC CORPORATION

By /s/ Gary T. Steele

Gary T. Steele, President