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Landec Corporation Extends Strategic Investment in Windset Farms For Five More Years

Return on Invested Capital Drives Decision to Extend Agreement

MENLO PARK, Calif., March 21, 2017 (GLOBE NEWSWIRE) -- Landec Corporation (NASDAQ:LNDX), a leading innovator of diversified health and wellness solutions within the natural packaged food and biomaterial markets, announced today that Apio, Inc., Landec's packaged fresh vegetable subsidiary, and Windset Holdings 2010 Ltd. ("Windset") have agreed to extend their relationship and Apio's investment in Windset for five more years.

"We are very excited about continuing our relationship and commitment to Windset," commented Molly Hemmeter, Landec's President and CEO. "Windset is one of the most advanced and highest yielding hydroponic greenhouse vegetable producers in North America, where the demand for hydroponic greenhouse grown produce is rapidly increasing. Since Apio's initial investment six years ago, Windset has significantly grown its business as demand continues to outpace supply. With Windset's high quality product offerings and continued growth plans, we believe that extending our investment is a wise and prudent use of our capital. Our interest in Windset since the beginning has been motivated by three primary objectives: (1) to realize a significant financial return on our invested capital, (2) to be a strategic partner with the industry leader in sustainable, hydroponic, year-round growing of fruit and vegetables through packaging technologies and sourcing synergies, and (3) to explore new crop targets, new growing techniques and/or new technologies with Windset that could benefit Apio's business and create potential competitive advantages in the future."

"Our recently completed \$150 million syndicated bank financing and our projected future cash flows from operations allow us the opportunity to maintain our investment in Windset while still having the wherewithal to pursue other investment opportunities both internally and externally, such as our recently announced investment in vial filling at our biomaterials subsidiary, Lifecore Biomedical, Inc. and our recently announced acquisition of O Olive Oil, Inc.," continued Hemmeter.

Steve Newell, Windset's Chief Executive Officer, stated, "We are pleased that Landec has agreed to extend its investment in Windset for the next five years. With Landec's ongoing support, we will be able to continue expanding our operations. Customer demand for our greenhouse grown produce continues to exceed our in-house production. As a result, we plan to develop the land holdings we have acquired in recent years adjacent to our current facility in Santa Maria, California. Santa Maria is ideal for the growing of a large variety of high quality, sustainably grown, hydroponic fruit and vegetables, through the optimum combination of temperature profile, humidity and sunlight. In addition, we see opportunities to expand our product line in future years and enter into strategic ventures with Apio."

Concluded Hemmeter, "We have recently stated that one of our key financial objectives over the next three years is to double Landec's overall return on invested capital ("ROIC") and our ongoing investment in Windset is an important component of that goal. Through November 27, 2016, Apio has recognized cash dividends and an increase in the fair value of its investment in Windset of \$37.3 million, consisting of a \$29.7 million increase in the fair value of our investment and \$7.6 million of cumulative dividends, for an ROIC of approximately 20%. We estimate, based on Windset's growth plans of its greenhouse capacity in Santa Maria, that the ROIC over the next five years on our investment in Windset will continue to approximate the strong returns we realized during the first six years of our investment."

On February 15, 2011, Apio entered into a share purchase agreement with Windset pursuant to which Apio purchased from Windset \$15 million of senior preferred shares and 201 common shares for \$201. Over the subsequent six years, Apio (1) purchased an additional \$7 million of senior preferred shares and (2) paid \$11 million combined for an additional 68 common shares and junior preferred shares with a \$5.1 million liquidation value, resulting in a total investment of \$33 million. Apio now owns 269 common shares in Windset. The senior preferred shares yield a cash dividend of 7.5% paid annually. The February 2011 agreement included a put and call option whereby Apio can exercise the put to sell its common, senior preferred shares and junior preferred shares to Windset, or Windset can exercise the call to purchase those same shares from Apio, in either case, at a price equal to 26.9% of the fair value of Windset as determined by the contractual formula, plus the liquidation value of the preferred shares of \$27.1 million. This amendment extends the put/call date from February 15, 2017 to March 31, 2022. As of November 27, 2016, the book value of the Company's investment in Windset was \$62.7 million.

During its recently completed year ended December 31, 2016, Windset generated over CAD\$400 million of revenue. This compares to approximately CAD\$140 million in revenues for the year ended December 31, 2010, the year prior to Landec's initial investment in February 2011. Windset has increased its revenues every year since its founding in 1996.

About Windset Farms®

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

About Landec Corporation

Landec Corporation (NASDAQ:LNDX) is a leading innovator of diversified health and wellness solutions within the packaged natural food and biomaterial markets. Apio, Landec's food business, is the leader in branded, packaged fresh vegetables in North America, utilizing its proprietary BreatheWay® packaging technology to naturally extend the shelf life of fresh produce. Apio combines this technology with the capabilities of a large national fresh produce supplier to offer healthy fresh vegetable products under the Eat Smart® brand to consumers through club and retail grocery stores. Extending its reach into adjacent natural food products outside of produce, Landec recently acquired O Olive Oil, Inc, an organic and natural producer and marketer of olive oils and vinegars under the O brand. Lifecore Biomedical, Landec's biomaterial business, is a fully integrated Contract Development and Manufacturing Organization (CDMO) that offers expertise and capabilities in fermentation, specialty formulation, aseptic filling and final packaging for FDA regulated medical devices and drugs to customers for applications in a wide array of markets including Ophthalmic, Orthopedic and Oncology. For more information about the company, visit Landec's website at www.landec.com.

Important Cautions Regarding Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially, including such factors among others, as the timing and expenses associated with operations, the ability to achieve acceptance of the Company's new products in the market place, weather conditions that can affect the supply and price of produce, the amount and timing of research and development funding and license fees from the Company's collaborative partners, the timing of regulatory approvals, the mix between domestic and international sales, and the risk factors listed in the Company's Form 10-K for the fiscal year ended May 29, 2016 (See item 1A: Risk Factors) which may be updated in Part II, Item 1A Risk Factors in the Company's Quarterly Reports on Form 10-Q. As a result of these and other factors, the Company expects to continue to experience significant fluctuations in quarterly operating results and there can be no assurance that the Company will remain consistently profitable. The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new developments or otherwise.

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