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Piper Jaffray & Co.

**Reason for Report:**

Change in Recommendation

Changes	Previous	Current
Rating	Neutral	Overweight
Price Tgt	\$11.00	\$12.00
FY11E Rev (mil)	--	\$121.7
FY12E Rev (mil)	--	\$160.1
FY11E EPS	--	(\$0.13)
FY12E EPS	--	\$0.16

Price:	\$7.90
52 Week High:	\$14.98
52 Week Low:	\$6.88
12-Month Price Target:	\$12.00

*Based on 3x EV/2011 sales*

Shares Out (mil):	39.0
Market Cap. (mil):	\$308.1
Avg Daily Vol (000):	91
Book Value/Share:	\$3.00
Net Cash Per Share:	\$2.90
Debt to Total Capital:	0%
Div (ann):	\$0.00
Est LT EPS Growth:	25%
P/E to LT EPS Growth (FY11):	NA
Est Next Rep Date:	11/10/2010
Fiscal Year End:	Dec

Rev (mil)	2010E	2011E	2012E
Mar	\$25.7A	\$28.0E	\$36.5E
Jun	\$24.5A	\$32.0E	\$41.4E
Sep	\$21.7E	\$30.3E	\$40.7E
Dec	<u>\$25.3E</u>	<u>\$31.4E</u>	<u>\$41.6E</u>
FY	\$97.2E	\$121.7E	\$160.1E
CY	\$97.2E	\$121.7E	\$160.1E

FY RM	3.2x	2.5x	1.9x
CY RM	3.2x	2.5x	1.9x

EPS	2010E	2011E	2012E
Mar	(\$0.04)A	(\$0.04)E	\$0.01E
Jun	(\$0.15)A	(\$0.01)E	\$0.03E
Sep	(\$0.14)E	(\$0.06)E	\$0.06E
Dec	<u>(\$0.08)E</u>	<u>(\$0.03)E</u>	<u>\$0.06E</u>
FY	(\$0.40)E	(\$0.13)E	\$0.16E
CY	(\$0.40)E	(\$0.13)E	\$0.16E

FY P/E	NM	NM	49.4x
CY P/E	NM	NM	49.4x

EPS assumes post-IPO share count of 34.2mil basic / 39.0mil diluted.

## Codexis, Inc. Overweight

(CDXS - \$7.90)

### Upgrade to Overweight Ahead of Potential Commercialization Catalysts

**CONCLUSION:**

We are upgrading shares of CDXS to Overweight as we believe upcoming announcements from Shell on biofuel commercialization plans and a potential carbon capture partnership present catalysts for the stock before year end. CDXS shares have languished in this risk-averse market environment on the lack of news flow surrounding commercialization time-lines. Shell's JV with Cosan achieved an important milestone last week, which paves the way for a more definitive development time line. While the exact timing of these catalysts remains unclear, at current valuations we believe that investors will be rewarded for the wait.

- **Important step in Shell's biofuel future appears to have gone unnoticed.** Last week, Shell and Brazilian ethanol producer Cosan signed a binding agreement for its proposed joint venture. This marks the most concrete development in this proposed JV to date, though CDXS shares did not respond. While regulatory hurdles and final negotiations remain, we believe it is increasingly certain that this JV will take place. Importantly, we believe Codexis has several revenue opportunities under the Shell/Cosan JV. First, Codexis has the opportunity to produce optimized biocatalysts (yeasts and enzymes) for first-generation sugarcane ethanol, which is already fully operational and commercialized. This would fast track Codexis into commercial scale. Second, Codexis would have the opportunity to develop highly-specialized biocatalysts for cellulosic ethanol production using sugarcane residue that is currently burned for electricity or landfilled.

- **Carbon capture platform is receiving no attention – a partnership agreement would present upside.** We believe investors are assigning no value to Codexis' carbon capture platform, which is understandable considering it has yet to generate revenue and the U.S. carbon market appears to be locked in a Congressional stalemate. Despite these clear drawbacks, we believe Codexis is nearing a partnership agreement within this platform and would expect an announcement to be a positive catalyst for CDXS shares.

- **Share weakness presents buying opportunity.** CDXS shares have underperformed as investors have, in recent months, shied away from 'concept' companies incurring operating losses. We believe a pick up in positive headlines will re-ignite investor enthusiasm in the stock. We are lifting our price target to \$12 (based on 3x EV/FY11 revenue) as we expect cash balances to be higher than previously modeled at EOY 2011.

**INVESTMENT RECOMMENDATION:**

The recent pullback in CDXS shares has improved the risk/reward profile and as commercialization catalysts approach, we believe valuations will expand.

**RISKS TO ACHIEVEMENT OF TARGET PRICE:**

Facility construction delays, reduced regulatory support for biofuels, competing enzyme-based (or other) technologies, a sustained drop in oil prices

**COMPANY DESCRIPTION:**

Codexis uses science to custom-tailor enzymes that can enhance the efficiency - and lower the cost - of producing products such as pharmaceuticals, biofuels, and various other bio-based chemicals.

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**Important step in Shell's biofuel future announced last week – more developments are likely in the next 6 months.** Last week, Codexis' exclusive biofuel commercialization partner Royal Dutch Shell and Brazilian ethanol producer Cosan signed a binding agreement for its proposed joint venture. This marks the most concrete development in this proposed JV to date. While regulatory hurdles and final negotiations remain, we believe it is increasingly certain that this JV will happen and we would suspect completion before year end. Shell's ownership interests in Codexis and Iogen would be placed within the joint venture, as it is currently structured, bringing both Codexis and Iogen closer to ethanol producer Cosan. We believe second-generation ethanol production is more immanent with both the process technology provider (Iogen, who has been operating a 150,000 gallon/year cellulosic pilot plant since 2004) and the biocatalyst designer (Codexis) closer to a source of feedstock. Importantly, we believe Codexis has several revenue opportunities under the Shell/Cosan JV beyond second-generation biofuels. Shell's JV with Cosan appears to offer the most upside in the near and intermediate term through yeast and enzyme optimization, though stand-alone cellulosic facilities built by the Shell/Iogen venture present a promising longer term future.

First, Codexis has the opportunity to produce optimized biocatalysts (yeasts and enzymes) for first-generation sugarcane ethanol, which is already fully operational and commercialized. Yeasts have been used in ethanol production for decades, and in sugarcane ethanol specific yeasts have been selected to provide the best processing at the lowest price. Through Codexis' directed evolutionary process, the company has the potential to introduce highly optimized biocatalysts that improve the throughput of the ethanol facility. While the revenue potential per ethanol gallon produced would be relatively small (as compared to Codexis' revenue potential in a cellulosic context), this would fast track Codexis into commercial-scale product revenue generation in the biofuel platform. We have not included any product revenue in our biofuel segment projections within our model through 2012. We estimate that revenue for Codexis in the first generation ethanol market could be realized in 2011, assuming the JV is finalized before year end.

Second, Codexis would have the opportunity to develop highly-specialized yeasts and enzymes for cellulosic ethanol production using sugarcane residue that is currently burned for power or dumped in landfills. As a retrofit to an existing ethanol facility, this opportunity would present sizable revenue potential for CDXS without significant up front capex from Shell/Cosan. Two major factors have contributed to the anemic development of cellulosic biofuel: (1) high capital costs per gallon of ethanol production and (2) inefficient and expensive enzymes for processing. By retrofitting existing Cosan sugarcane ethanol facilities, capital costs would be greatly reduced, similar to the business model being pursued by POET in the U.S. Codexis is directly working toward the second obstacle by designing enzymes to optimize the biofuel production process. The use of 'energy crops' have the potential to dramatically improve the economics of cellulosic ethanol in Brazil specifically. Ethanol facilities in Brazil typically operate 6-8 months per year, due to the growing season of sugarcane. 'Energy crops' – bred to have short growing periods and maximized cellulosic material – would increase the utilization to 11 months out of the year, which would improve the economics of the operation overall. As stated previously, we have elected to not include any product revenue from the biofuel platform into our model, which extends through 2012. Originally, we had expected the Shell/Iogen facility in Canada to present the first product revenue opportunity – in 2013. The time of which retrofits could be completed (12 months) vs. new construction (24+ months) could mean that product revenue for use in cellulosic ethanol could start in 2012, a year earlier than we had expected.

Third, Codexis would continue its work on biodiesel producing enzymes, which also present sizable revenue potential but require a more pronounced capital decision from the JV. Codexis' biohydrocarbon program has been exceeding the company's internal expectations and surpassing the milestone time line set forth by Shell. We are confident that Codexis' enzymes will not be the restraining factor of a biodiesel facility under the proposed Shell/Cosan JV.

**Pharma business remains on track; we remain comfortable with FY10 estimates.** We remain comfortable with our full year sales growth and EBITDA estimates, which are predominantly driven by the company's pharma business segment. The company's generic pharma segment has provided a positive surprise year-to-date, which is good for revenue but bad for margins. We believe this strength in generics will continue through the balance of the year. We believe management's full year revenue guidance is achievable, if not beatable, and we are confident in the company's positive full-year EBITDA expectation (though it is possible that 3Q10 will be negative due to the timing of grants and milestones). We are adjusting our capex expectations for 2011 to reflect Codexis' decision to continue its outsourced manufacturing business model. As such, our FY11 capex projection is lowered by \$6 million, leaving cash balance at the end of 2011 of \$83 million.

**Carbon platform presents upside through strategic partnership announcement.** We believe investors are assigning no value to Codexis' carbon capture platform, which is understandable considering it has yet to generate revenue and the U.S. carbon market appears to be locked in Congressional stalemate. Despite these clear drawbacks, we believe Codexis is nearing a partnership agreement within this platform and would expect an announcement (similar to the arrangement with Shell in the biofuel arena) to be a positive catalyst for CDXS shares. A partnership with a multinational company (opening up the European market specifically) would immediately legitimize the carbon capture opportunity for Codexis.

**Share weakness presents buying opportunity.** CDXS shares have underperformed as investors have, in recent months, shied away from 'concept' companies incurring operating losses. Since the company's IPO in the Spring, the shares have fallen by approximately 40% despite reporting quarterly results and full-year guidance that were in-line with our expectations. The lack of biofuel news flow has exacerbated the lack of investor interest. We believe a pick up in positive headlines will re-ignite investor enthusiasm in the stock. We are lifting our price target to \$12 (based on 3x EV/FY11 revenue and unchanged) as we expect cash balances to be higher than previously modeled at EOY 2011 due to the change in the pharma segment noted previously. Our EV/revenue price target assumptions include \$83.4 million in cash, no debt and shares outstanding of 39 million shares.

## Codexis

### Income Statement

(\$ In Million Except Per Share Data)

Date: 8/30/10

Price: \$7.90

Current disclosure information for this company can be found at:

<http://www.piperjaffray.com/researchdisclosures>

	2010E				2011E				2012E				FY09	FY10E	2011E	2012E
	1QA	2QA	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec				
Net Sales	25.7	24.5	21.7	25.3	28.0	32.0	30.3	31.4	36.5	41.4	40.7	41.6	82.9	97.2	121.7	160.1
Cost of Sales	5.2	6.1	5.0	5.7	6.8	9.5	7.4	7.5	10.9	14.1	12.0	12.0	16.7	22.0	31.2	48.9
Gross Profit	20.5	18.4	16.8	19.5	21.2	22.5	22.9	24.0	25.6	27.3	28.7	29.7	66.2	75.2	90.5	111.2
Research & development	13.0	13.0	13.2	13.5	13.5	14.0	15.0	15.0	15.0	16.0	16.0	16.5	45.9	52.7	57.5	63.5
Operations	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	3.0	3.0	8.9	8.0	9.0	11.0
SG&A	6.6	6.7	6.5	7.0	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.5	29.9	26.8	31.0	32.5
Operating Income from operations	(1.100)	(3.3)	(4.9)	(3.0)	(1.8)	(1.0)	(2.6)	(1.5)	0.1	0.8	1.7	1.7	(18.4)	(12.3)	(7.0)	4.2
Interest Expense, net	(0.3)	(0.6)	-	-	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	(1.2)	(0.9)	1.6	2.0
Other	-	-	-	-	-	-	-	-	-	-	-	-	(0.6)	-	-	-
Total Other Income (loss)	(0.3)	(0.6)	-	-	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	(1.9)	(0.9)	1.6	2.0
Pretax Income	(1.4)	(3.9)	(4.9)	(3.0)	(1.4)	(0.6)	(2.2)	(1.1)	0.6	1.3	2.2	2.2	(20.2)	(13.2)	(5.4)	6.2
Tax Provision	0.1	(0.1)	0.2	0.2	0.2	0.2	0.2	0.2	-	-	-	-	(0.1)	0.3	0.8	-
Net Income	(1.4)	(3.9)	(4.8)	(2.8)	(1.2)	(0.4)	(2.0)	(0.9)	0.6	1.3	2.2	2.2	(20.3)	(12.9)	(4.6)	6.2
Shares Basic	34.2	26.6	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	34.2	32.3	34.2	34.2
Shares Diluted (Mils.)	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
EPS-Reported Diluted	(\$0.04)	(\$0.15)	(\$0.14)	(\$0.08)	(\$0.04)	(\$0.01)	(\$0.06)	(\$0.03)	\$0.01	\$0.03	\$0.06	\$0.06	(\$0.59)	(\$0.40)	(\$0.13)	\$0.16
Depreciation and amortization	\$1.8	\$2.2	\$2.1	\$2.1	\$2.4	\$2.4	\$2.4	\$2.4	\$3.8	\$3.8	\$3.8	\$3.8	\$6.1	\$8.3	\$9.5	15.0
Non-cash stock comp & other	\$2.0	\$2.5	\$1.5	\$1.5	\$2.1	\$2.1	\$2.1	\$2.1	\$1.9	\$1.9	\$1.9	\$1.9	\$4.9	\$7.5	\$8.5	7.5
EBITDA	\$2.8	\$1.4	(\$1.3)	\$0.6	\$2.7	\$3.5	\$1.9	\$3.0	\$5.7	\$6.5	\$7.3	\$7.3	(\$7.3)	\$3.5	\$11.0	26.7
<b>Margins:</b>																
Gross Margin	79.7%	75.2%	77.1%	77.3%	75.6%	70.2%	75.6%	76.2%	70.1%	66.0%	70.5%	71.3%	79.9%	77.3%	74.4%	69.5%
R&D expense ratio	50.5%	53.1%	60.7%	53.4%	48.2%	43.8%	49.5%	47.7%	41.1%	38.7%	39.4%	39.7%	55.3%	54.2%	47.2%	39.7%
Operations expense ratio	7.8%	8.2%	9.2%	7.9%	7.1%	6.3%	8.3%	8.0%	6.9%	6.0%	7.4%	7.2%	10.7%	8.2%	7.4%	6.9%
SG&A expense ratio	25.7%	27.2%	29.9%	27.7%	26.8%	23.4%	26.4%	25.4%	21.9%	19.3%	19.7%	20.4%	36.0%	27.5%	25.5%	20.3%
EBITDA Margin	10.7%	5.6%	-6.1%	2.6%	9.5%	10.9%	6.3%	9.4%	15.6%	15.6%	17.9%	17.5%	-8.8%	3.6%	9.1%	16.7%
Operating Margin	-4.3%	-13.3%	-22.8%	-11.8%	-6.6%	-3.2%	-8.5%	-4.9%	0.2%	2.0%	4.1%	4.0%	-22.2%	-12.6%	-5.7%	2.6%
Pretax Margin	-5.6%	-15.8%	-22.8%	-11.8%	-5.2%	-1.9%	-7.2%	-3.6%	1.5%	3.2%	5.3%	5.2%	-24.4%	-13.6%	-4.4%	3.9%
Net Income Margin	-5.3%	-16.1%	-22.1%	-11.2%	-4.4%	-1.3%	-6.5%	-3.0%	1.5%	3.2%	5.3%	5.2%	-24.5%	-13.3%	-3.8%	3.9%

## Codexis

### Segment Sales & Profit Analysis

(\$ In Thousands Except Per Share Data)

	2010E				2011E				2012E							
	1QA	2QA	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	FY09	FY10E	2011E	2012E
<b>Revenue</b>																
Pharma	6.9	8.5	6.7	7.8	10.2	14.2	11.0	11.2	17.0	22.0	18.7	18.7	20.0	29.9	46.6	76.4
Generic	2.4	4.2	2.4	3.6	3.9	7.2	4.1	4.5	5.1	8.6	4.9	5.5	8.8	12.7	19.8	24.1
Innovator	4.5	4.3	4.3	4.1	6.3	7.0	6.9	6.6	12.0	13.3	13.8	13.2	11.2	17.2	26.8	52.3
Biofuels	16.0	15.5	15.0	17.5	17.0	17.0	18.5	19.5	17.7	17.7	19.2	20.2	62.8	64.1	72.2	74.9
FTE	14.5	14.7	13.5	13.5	15.5	15.5	15.5	15.5	16.2	16.2	16.2	16.2	53.5	56.2	62.2	64.9
Other/Milestones	1.5	0.9	1.5	4.0	1.5	1.5	3.0	4.0	1.5	1.5	3.0	4.0	9.3	7.9	10.0	10.0
Bio-industrials	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	1.0	1.0	2.0	2.0	0.1	0.0	2.0	6.0
Carbon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	2.0
Water, Other	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	0.1	0.0	2.0	4.0
Grants	<u>2.7</u>	<u>0.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	0.0	3.2	1.0	2.8
TOTAL	25.7	24.5	21.7	25.3	28.0	32.0	30.3	31.4	36.5	41.4	40.7	41.6	82.9	97.2	121.7	160.1
<b>Revenue % Change</b>																
Pharma	39.4%	82.2%	33.0%	46.8%	47.0%	67.5%	63.6%	43.6%	67.1%	54.5%	70.1%	67.4%		49.7%	55.7%	64.0%
Generic	30.0%	157.4%	50.0%	0.0%	60.0%	70.0%	70.0%	25.0%	30.0%	20.0%	20.0%	20.0%		45.1%	55.2%	22.0%
Innovator	45.0%	41.1%	25.0%	150.0%	40.0%	65.0%	60.0%	60.0%	90.0%	90.0%	100.0%	100.0%		53.3%	56.0%	95.0%
Biofuels	11.2%	6.6%	0.0%	-7.1%	6.2%	9.9%	23.6%	11.6%	4.0%	4.0%	3.7%	3.5%		2.0%	12.7%	3.8%
FTE	12.2%	8.4%	0.2%	-0.5%	6.9%	6.0%	15.1%	15.1%	4.4%	4.4%	4.4%	4.4%		5.0%	10.6%	4.4%
Other/Milestones	2.9%	-16.6%	-1.4%	-24.1%	0.0%	76.3%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%		-15.3%	27.4%	0.0%
Bio-industrials	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a
Grants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	n/a	n/a
Total	32.4%	27.5%	8.3%	4.3%	8.9%	30.7%	39.4%	24.4%	30.3%	29.3%	34.2%	32.3%		17.2%	25.3%	31.5%
<b>Gross Profit</b>																
Pharma	1.719	2.409	1.750	2.020	3.366	4.689	3.634	3.682	6.135	7.906	6.743	6.723	3.310	7.899	15.371	27.51
Biofuels	16.041	15.504	15.004	17.504	17.039	17.039	18.539	19.539	17.729	17.729	19.229	20.229	62.806	64.053	72.156	74.92
Bio-industrials	0.000	0.000	0.000	0.000	0.500	0.500	0.500	0.500	1.000	1.000	2.000	2.000	0.069	0.000	2.000	6.00
Grants	<u>2.722</u>	<u>0.492</u>	<u>0.000</u>	<u>0.000</u>	<u>0.250</u>	<u>0.250</u>	<u>0.250</u>	<u>0.250</u>	<u>0.700</u>	<u>0.700</u>	<u>0.700</u>	<u>0.700</u>	0.046	3.214	1.000	2.80
TOTAL	20.482	18.405	16.754	19.524	21.155	22.478	22.924	23.971	25.564	27.335	28.672	29.652	66.230	75.166	90.528	111.22
<b>Gross Margins</b>																
Pharma	24.8%	28.4%	26.0%	26.0%	33.0%	33.0%	33.0%	33.0%	36.0%	36.0%	36.0%	36.0%	16.6%	26.4%	33.0%	36.0%
Biofuels	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
Bio-industrials	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
Grants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a				
Total	79.7%	75.2%	77.1%	77.3%	75.6%	70.2%	75.6%	76.2%	70.1%	66.0%	70.5%	71.3%	79.9%	77.3%	74.4%	69.5%

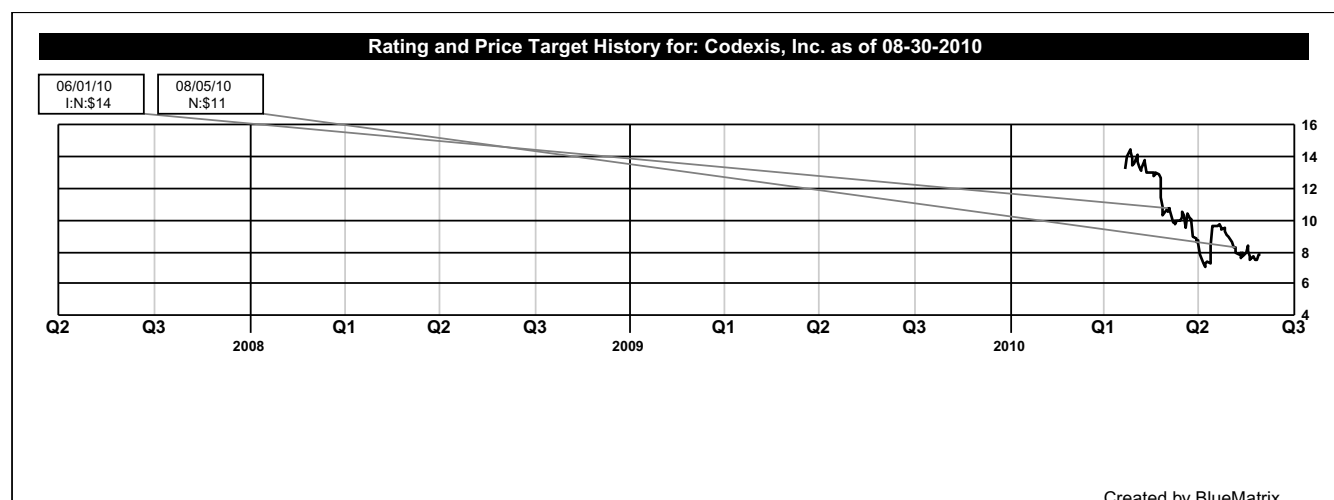
**Codexis  
Balance Sheet**

(\$ Million)	FY10E				FY11E				FY12E				Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
	Q1A	Q2A	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008	2009E	2010E	2011E	2012E
Cash	29.2	100.3	99.2	95.6	93.5	91.7	88.4	83.4	79.0	76.5	74.9	73.4	37.1	55.6	95.6	83.4	73.4
Other current assets	21.5	14.3	16.0	17.7	20.9	23.6	25.5	28.2	30.1	31.3	32.7	33.8	11.2	11.8	17.7	28.2	33.8
Current Assets	50.7	114.6	115.1	113.3	114.4	115.3	113.9	111.5	109.2	107.8	107.5	107.2	48.3	67.4	113.3	111.5	107.2
Plant/Property/Equipment (Net)	21.3	21.3	22.2	23.1	23.7	24.3	26.0	27.6	34.8	42.1	49.3	56.6	16.0	21.6	23.1	27.6	56.6
Other long-term assets	11.9	7.8	17.8	22.8	27.8	27.8	27.8	27.8	17.8	7.8	7.8	7.8	6.5	10.1	22.8	27.8	7.8
TOTAL ASSETS	83.8	143.7	155.1	159.2	165.9	167.4	167.6	166.9	161.8	157.7	164.7	171.6	70.9	99.0	159.2	166.9	171.6
Current liabilities:																	
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-	5.2	7.9	-	-	-
Deferred revenue	9.4	4.6	8.9	9.0	9.2	9.9	10.7	10.1	10.8	11.6	12.4	13.3	10.6	24.7	9.0	10.1	13.3
Other Current Liabilities	28.0	26.3	26.7	27.0	27.7	26.8	26.0	24.7	26.4	28.3	30.4	32.4	26.6	31.5	27.0	24.7	32.4
Total Current Liabilities:	37.4	30.8	35.6	36.0	36.8	36.6	36.7	34.8	37.2	39.9	42.8	45.7	42.4	64.2	36.0	34.8	45.7
Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	8.5	-	-	-	-
Other liabilities	10.9	8.5	20.0	26.5	33.7	35.8	37.9	40.0	31.9	23.8	25.7	27.5	16.4	-	26.5	40.0	27.5
Total Liabilities	48.3	39.4	55.6	62.5	70.5	72.4	74.6	74.8	69.1	63.7	68.5	73.3	67.3	64.2	62.5	74.8	73.3
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stockholders' equity	35.5	104.3	99.5	96.7	95.4	95.0	93.0	92.1	92.7	94.0	96.2	98.3	3.6	34.8	96.7	92.1	98.3
TOTAL LIABILITIES & S.E.	83.8	143.7	155.1	159.2	165.9	167.4	167.6	166.9	161.8	157.7	164.7	171.6	70.9	99.0	159.2	166.9	171.6

**Codexis**  
**Statement of Cash Flow**

(\$ Millions)	FY10E				FY11E				FY12E				Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008	2009	2010E	2011E	2012E
<b>Operating:</b>																	
Net Income	(1.4)	(3.9)	(4.8)	(2.8)	(1.2)	(0.4)	(2.0)	(0.9)	0.6	1.3	2.2	2.2	(45.1)	(20.3)	(12.9)	(4.6)	6.2
Depreciation/Amortization	1.8	1.9	2.1	2.1	2.4	2.4	2.4	2.4	3.8	3.8	3.8	3.8	4.6	7.8	8.0	9.5	15.0
Share-based compensation	1.7	2.3	1.5	1.5	2.1	2.1	2.1	2.1	1.9	1.9	1.9	1.9	3.5	4.8	7.0	8.5	7.5
Changes in operating assets and liabilities:	(14.1)	(6.9)	3.0	(1.4)	(2.3)	(2.9)	(1.8)	(4.6)	0.5	1.5	1.6	1.7	0.8	(1.0)	(19.4)	(11.6)	5.3
<b>Net Cash Flow for Operating Activities</b>	<b>(12.0)</b>	<b>(6.7)</b>	<b>1.9</b>	<b>(0.6)</b>	<b>1.0</b>	<b>1.2</b>	<b>0.7</b>	<b>(1.0)</b>	<b>6.6</b>	<b>8.4</b>	<b>9.4</b>	<b>9.5</b>	<b>(36.3)</b>	<b>(8.7)</b>	<b>(17.4)</b>	<b>1.8</b>	<b>34.0</b>
<b>Investing:</b>																	
Purchases of plant, property, equipment	(1.3)	(1.9)	(3.0)	(3.0)	(3.0)	(3.0)	(4.0)	(4.0)	(11.0)	(11.0)	(11.0)	(11.0)	(8.5)	(10.8)	(9.2)	(14.0)	(44.0)
Other	13.6	(39.0)	-	-	-	-	-	-	-	-	-	-	15.6	(0.4)	(25.4)	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.3)	-	-	-
<b>Net Investing Cash Flow</b>	<b>12.3</b>	<b>(40.9)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(4.0)</b>	<b>(4.0)</b>	<b>(11.0)</b>	<b>(11.0)</b>	<b>(11.0)</b>	<b>(11.0)</b>	<b>7.1</b>	<b>(12.5)</b>	<b>(34.6)</b>	<b>(14.0)</b>	<b>(44.0)</b>
<b>Financing:</b>																	
Net change in long-term debt	(1.3)	(1.3)	-	-	-	-	-	-	-	-	-	-	(4.3)	(6.1)	(2.7)	-	-
Issuance of equity/preferred	-	72.7	-	-	-	-	-	-	-	-	-	-	0.4	-	-	-	-
Other	(1.5)	(1.5)	-	-	-	-	-	-	-	-	-	-	-	0.1	(3.0)	-	-
<b>Net cash provided by Financing Activities</b>	<b>(2.8)</b>	<b>69.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.9)</b>	<b>(6.0)</b>	<b>(5.6)</b>	<b>-</b>	<b>-</b>
Exchange rate changes	(0.0)	(0.0)															
Increase in cash and cash equivalents	(2.6)	22.3	(1.1)	(3.6)	(2.0)	(1.8)	(3.3)	(5.0)	(4.4)	(2.6)	(1.6)	(1.5)		(27.2)	(57.7)	(12.2)	(10.0)
Cash at beginning of period	55.9	53.4	75.6	74.5	70.9	68.8	67.0	63.7	58.7	54.3	51.8	50.2		37.1	55.9	(1.8)	58.7
Cash at end of period	53.4	75.6	74.5	70.9	68.8	67.0	63.7	58.7	54.3	51.8	50.2	48.7		10.0	(1.8)	58.7	48.7
Free cash flow													(44.9)	(19.5)	(26.6)	(12.2)	(10.0)

## Important Research Disclosures



Notes: The boxes on the Rating and Price Target History chart above indicate the date of the Research Note, the rating, and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

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<b>HOLD [N]</b>	<b>281</b>	<b>40.20</b>	<b>21</b>	<b>7.47</b>
<b>SELL [UW]</b>	<b>64</b>	<b>9.20</b>	<b>1</b>	<b>1.56</b>

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