

CODEXIS, INC.

Positive Growth Ahead

Overall thoughts: Codexis had a stronger than expected quarter, from both a financial and product development standpoint. Q3 revenues of \$27 million were above our estimate of \$23 million and street estimate of \$22 million, while EPS of (\$0.08) was above our estimate of (\$0.11) and street estimate of (\$0.14). The company raised annual guidance, and now expects 2010 revenue to be greater than \$100 million, compared to previous guidance of \$94 million to \$98 million, with adjusted EBITDA expected to be greater than \$7 million for the year, vs. previous guidance of simply positive.

Key takeaways: Codexis announced the acquisition of Maxygen's IP portfolio, Shell/Cosan JV timeline development, significant milestone achievements, relationship with Merck on new product sales, and potential growth in chemicals and carbon management businesses.

Our take: We believe that Codexis had a strong quarter overall. With plans to begin shipping biofuel products to Shell/Cosan beginning in 2011, and reaching commercial deployment in 2012, we believe the biofuels segment is on a path to profitability. The pharmaceutical business is also making good progress, as evidenced by the sale to Merck during the quarter. However, despite the company's recent progress, we believe the company will not reach profitability until 2012 at the earliest, which will remain the key overhang on the shares. Maintain 2-EW \$11 PT.

What's changed: We are increasing 2010E revenue from \$97.7 million to \$103.8 million in line with company guidance. Our revenue forecast increase is due to additional milestone payments recognized in Q4. Our 4Q10E EPS improves from (0.09) to (0.03) due to improved revenues and greater share count.

CDXS: Quarterly and Annual EPS USD

| | 2009 | | | 2010 | | | 2011 | | | Change y/y | |
|--------|--------|--------|--------|--------|--------|--------|--------|------|------|------------|--|
| FY Dec | Actual | Old | New | Cons | Old | New | Cons | 2010 | 2011 | | |
| Q1 | N/A | 0.00A | 0.00A | 0.00A | -0.08E | -0.02E | -0.07E | N/A | -2% | | |
| Q2 | N/A | -0.15A | -0.15A | -0.15A | -0.07E | -0.01E | -0.08E | N/A | 93% | | |
| Q3 | N/A | -0.11E | -0.08A | -0.08A | -0.05E | -0.02E | -0.09E | N/A | 75% | | |
| Q4 | N/A | -0.09E | -0.03E | -0.08E | -0.03E | -0.05E | -0.04E | N/A | -67% | | |
| Year | N/A | -0.35E | -0.25E | -0.43E | -0.23E | -0.11E | -0.26E | N/A | 56% | | |
| P/E | | | N/A | | | N/A | | | | | |

Source: Barclays Capital
Consensus numbers are from ThomsonOne

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Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST(S) CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 6.

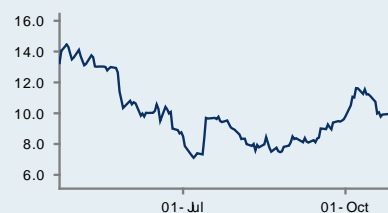
| | |
|--------------|----------------|
| Stock Rating | 2-EQUAL WEIGHT |
| | Unchanged |
| Sector View | 2-NEUTRAL |
| | Unchanged |
| Price Target | USD 11.00 |
| | Unchanged |

| | |
|---------------------------|----------|
| Price (27-Oct-2010) | USD 9.24 |
| Potential Upside/Downside | +19% |
| Tickers | CDXS |

| | |
|-----------------------------|--------|
| Market Cap (USD mn) | 316 |
| Shares Outstanding (mn) | 34.20 |
| Free Float (%) | 73.99 |
| 52 Wk Avg Daily Volume (mn) | 0.1 |
| Dividend Yield (%) | N/A |
| Return on Equity TTM (%) | -37.40 |
| Current BVPS (USD) | 3.05 |

Source: FactSet Fundamentals

| | |
|-------------------|-----------------|
| Price Performance | Exchange-Nasdaq |
| 52 Week range | USD 14.98-6.88 |



Link to Barclays Capital Live for interactive charting

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Key Positives

- **Maxygen IP portfolio acquisition:** Codexis acquired the direct evolution intellectual property portfolio from Maxygen, effectively eliminating any future royalty payments, giving rights to new fields where the technology can be applied, and ownership of the underlying IP.
- **Shell & Cosan joint venture to begin next year:** The Shell/Cosan JV is still under regulatory approval, but is expected to pass by the end of 2010. Management has indicated that work on the Shell/Cosan joint venture will commence in 2011 and commercialization will begin by 2012. Primary focus will be in making effective biocatalyst for generation 1 ethanol production. Management has indicated that additional capital will be deployed in 2013 to develop biocatalysts for generation 2 ethanol production.
- **Achieved five additional milestones:** Codexis met 7 of the 8 milestones set for 2010, including all 4 regular milestones and 75% of all stretch milestones, compared to the company's previous expectation of 80% of regular milestones, and 50% of stretch milestones. Management expects to receive additional revenue from Shell next quarter due to reaching these milestones.
- **Merck sale:** Codexis recognized \$4.5 million in revenues from Merck due to the sale of Boceprevir. While this was a one time transaction during the quarter, the company believes it is a significant milestone for its pharma pipeline, as well as its relationship with Merck.
- **Carbon management segment may see partnership by next quarter:** Management has indicated that there is ongoing discussion with a leading manufacturing/engineering company in the power generation sector to build out the carbon management business. Management is on track to make an announcement by end of 2010.

Key Concerns

- **Path to profitability?:** The company still has negative earnings and we do not expect the company to break from this cycle until earliest 2012 when commercialization of biocatalyst products begins through the Shell/Cosan JV.
- **Water treatment may not see build out in the near term:** The water treatment segment has not received the same amount of attention as other big positives and is not a priority item, according to management. However, management has indicated that there may be some allocation of capital some time next year.
- **Product gross margin narrowed:** Gross margins narrowed from 28.4% in Q2 to 9.8% in Q3 due to a shift in product mix from enzymes to intermediates. The company realized higher gross margins through increased enzyme sales in Q2 compared to a primarily intermediate-based product sales mix in Q3.

Guidance

The company guided full year 2010 revenues to exceed \$100 million, compared with previous guidance of \$94 to \$98 million in the previous quarters. In addition, management

has also announced adjusted EBITDA of greater than \$7 million for the year vs. previous guidance of simply positive.

What's Changed

We are increasing 2010E revenue from \$97.7 million to \$103.8 million in line with company guidance. Our revenue forecast increase is due to additional milestone payments recognized in Q4. Our 4Q10E EPS improves from (0.09) to (0.03) due to improved revenues and greater share count.

What's Next

The key takeaways from the call were very encouraging and suggest that the company is making progress on the path to profitability, in our view. However, although we believe that the company has a lot of active projects and milestones in place for the next few quarters, profitability still likely remains out of reach until at least 2012.

The \$20 million purchase of Maxygen's IP portfolio effectively eliminated the 20% royalty on all Maxygen related revenue. Currently the technology that Codexis is developing for Shell is exclusive to for biofuels only. Codexis is able to license this technology to the biochemical industry without repercussions. Without the additional licensing fees, management believes that they are now in a position to sign a licensing agreement with a biochemicals company and maximize profits from the agreement. We do not expect meaningful revenue streams from this acquisition until at least next year as the primary focus would, in our view, would be with the Shell/Cosan JV.

The Shell/Cosan JV development is progressing somewhat ahead of our expectation. The company has indicated that regulatory approval should finish by the end of 2010, operations should begin by 2011, and commercialization is poised for 2012. The primary focus will be in generation 1 ethanol, as expected, and will gradually shift towards generation 2 fuels by 2013.

Figure 1: Earnings Drivers

| FYE: December | Fiscal Year 2009 | | | | Fiscal Year 2010 | | | | Fiscal Year 2011 | | | | Fiscal | Fiscal | Fiscal |
|---|------------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4E | Q1E | Q2E | Q3E | Q4E | 2009 | 2010E | 2011E |
| Government Grants | | | | | | | | | | | | | | | |
| Department of Energy (CC) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.2 | \$1.1 | \$1.1 | \$1.1 | \$1.1 | \$0.0 | \$0.2 | \$4.2 |
| Singapore Government | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$2.7 | \$0.5 | \$0.0 | \$0.0 | \$0.0 | \$1.0 | \$0.0 | \$0.0 | \$0.0 | \$3.2 | \$1.0 |
| Others | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.0 | \$0.5 | \$0.5 | \$0.5 | \$0.0 | \$0.0 | \$0.4 | \$1.5 |
| Total Grant Revenues | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$2.7 | \$0.5 | \$0.4 | \$0.2 | \$2.6 | \$1.6 | \$1.6 | \$1.1 | \$0.0 | \$3.8 | \$6.7 |
| Collaborative R&D | | | | | | | | | | | | | | | |
| Total Collaborative R&D Revenues | \$0.4 | \$0.5 | \$0.4 | \$0.4 | \$0.7 | \$0.9 | \$1.1 | \$1.0 | \$1.4 | \$1.8 | \$1.6 | \$1.6 | \$1.7 | \$3.5 | \$6.5 |
| QoQ % Change | | 13.3% | -7.4% | -16.4% | 85.2% | 28.7% | 25.1% | -10.0% | 50.0% | 25.0% | -10.0% | 0.0% | | | |
| Product | | | | | | | | | | | | | | | |
| Total Pharmaceuticals Revenues | \$4.6 | \$4.2 | \$4.6 | \$5.2 | \$6.3 | \$8.5 | \$9.5 | \$7.1 | \$7.5 | \$7.6 | \$8.8 | \$10.7 | \$18.6 | \$31.4 | \$34.6 |
| QoQ % Change | | -8% | 11% | 11% | 22% | 35% | 12% | -25% | 5% | 2% | 16% | 21% | | | |
| Related Party Collaborative R&D | | | | | | | | | | | | | | | |
| Technology Access Fee | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$1.0 | \$4.0 | \$4.0 | \$4.0 |
| Full-time Employee Equivalents (FTE) | | | | | | | | | | | | | | | |
| Number of Employees | 90 | 100 | 110 | 120 | 128 | 128 | 128 | 128 | 132 | 136 | 136 | 136 | | | |
| U.S. | 65 | 74 | 90 | 98 | 98 | 98 | 98 | 98 | 100 | 102 | 102 | 102 | | | |
| Hungary | 25 | 26 | 20 | 22 | 30 | 30 | 30 | 30 | 32 | 34 | 34 | 34 | | | |
| Compensation | | | | | | | | | | | | | | | |
| U.S. | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | | | |
| Hungary | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | \$0.4 | | | |
| Annual FTE Revenues (million) | | | | | \$53.7 | \$54.6 | \$54.6 | \$54.6 | \$56.2 | \$57.8 | \$57.8 | \$57.8 | | | |
| Quarterly FTE Revenues (million) | | | | | \$13.4 | \$13.7 | \$13.7 | \$13.7 | \$14.1 | \$14.5 | \$14.5 | \$14.5 | | | |
| Milestone Rewards | | | | | | | | | | | | | | | |
| Average Compensation per Milestone | x | x | x | x | \$1.4 | \$0.0 | \$0.8 | \$0.7 | 0.9 | 0.9 | 0.9 | 0.9 | | | |
| Number of Milestones Realized | 2 | 2 | 2 | 2 | 1 | 0 | 2 | 5 | 1 | 2 | 2 | 3 | | | |
| Total Milestones Revenues | \$1.2 | \$1.2 | \$1.2 | \$1.2 | \$1.4 | \$0.0 | \$1.5 | \$3.5 | \$0.9 | \$1.9 | \$1.9 | \$2.8 | \$4.6 | \$6.4 | \$7.5 |
| Royalties | | | | | | | | | | | | | | | |
| Annual Capacity (in MM of liters) | | | | | | | | | | | | | | | |
| Quarterly Capacity (in MM of liters) | | | | | | | | | | | | | | | |
| Percent Serviced | | | | | | | | | | | | | | | |
| Liters Serviced | | | | | | | | | | | | | | | |
| ASP (\$/liters) | | | | | | | | | | | | | | | |
| Total Royalties Revenues | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | | | |
| Total Related Party R&D Revenues | \$14.4 | \$14.5 | \$15.0 | \$18.7 | \$15.8 | \$14.7 | \$16.2 | \$18.2 | \$16.0 | \$17.3 | \$17.3 | \$18.3 | \$62.7 | \$64.8 | \$68.9 |
| Total Revenues | \$19.4 | \$19.2 | \$20.1 | \$24.2 | \$25.7 | \$24.5 | \$27.1 | \$26.5 | \$27.5 | \$28.3 | \$29.4 | \$31.6 | \$82.9 | \$103.8 | \$116.8 |
| QoQ % Change | | -1.1% | 4.5% | 20.8% | 6.0% | -4.7% | 10.8% | -2.4% | 3.8% | 3.1% | 3.7% | 7.8% | | | |
| Total COGS | \$3.9 | \$3.4 | \$4.6 | \$4.8 | \$5.2 | \$6.1 | \$8.6 | \$6.4 | \$6.7 | \$6.9 | \$8.0 | \$9.6 | \$16.7 | \$26.3 | \$31.2 |
| QoQ % Change | | -11.5% | 35.3% | 3.8% | 8.9% | 16.4% | 41.0% | -25% | 5% | 2% | 16% | 21% | | | |
| Product Gross Margins % | 15.6% | 18.6% | 0.4% | 7.0% | 16.8% | 28.4% | 9.8% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | | | |
| Gross Margin | 80.1% | 82.2% | 77.0% | 80.2% | 79.7% | 75.2% | 68.4% | 75.8% | 75.5% | 75.8% | 72.9% | 69.6% | | | |

Source: Company Reports, Barclays Capital Estimates; Notes: All numbers in USD MM unless otherwise noted

Figure 2: Income Statement

| FYE: December | Fiscal Year 2009 | | | | Fiscal Year 2010 | | | | Fiscal Year 2011 | | | | Fiscal 2009 | Fiscal 2010E | Fiscal 2011E |
|--------------------------------------|------------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4E | Q1E | Q2E | Q3E | Q4E | | | |
| Revenues | | | | | | | | | | | | | | | |
| Product | \$4.6 | \$4.2 | \$4.6 | \$5.2 | \$6.3 | \$8.5 | \$9.5 | \$7.1 | \$7.5 | \$7.6 | \$8.8 | \$10.7 | \$18.6 | \$31.4 | \$34.6 |
| Related party collaborative R&D | \$14.4 | \$14.5 | \$15.0 | \$18.7 | \$16.0 | \$14.7 | \$16.2 | \$18.2 | \$16.0 | \$17.3 | \$17.3 | \$18.3 | \$62.7 | \$65.0 | \$68.9 |
| % of total revenues | 74.3% | 75.8% | 74.8% | 77.1% | 62.4% | 59.9% | 59.7% | 68.6% | 58.2% | 61.2% | 59.1% | 57.7% | 75.6% | 62.7% | 59.0% |
| Collaborative R&D | \$0.4 | \$0.5 | \$0.4 | \$0.4 | \$0.7 | \$0.9 | \$1.1 | \$1.0 | \$1.4 | \$1.8 | \$1.6 | \$1.6 | \$1.7 | \$3.5 | \$6.5 |
| Government grants | \$0.0 | \$0.0 | (\$0.0) | \$0.0 | \$2.7 | \$0.5 | \$0.4 | \$0.2 | \$2.6 | \$1.6 | \$1.6 | \$1.1 | \$0.0 | \$3.8 | \$6.7 |
| Total revenues | \$19.4 | \$19.2 | \$20.1 | \$24.2 | \$25.7 | \$24.5 | \$27.1 | \$26.5 | \$27.5 | \$28.3 | \$29.4 | \$31.6 | \$82.9 | \$103.8 | \$116.8 |
| Cost of product revenues | \$3.9 | \$3.4 | \$4.6 | \$4.8 | \$5.2 | \$6.1 | \$8.6 | \$6.4 | \$6.7 | \$6.9 | \$8.0 | \$9.6 | \$16.7 | \$18.0 | \$31.2 |
| QoQ % change | -26.8% | -11.5% | 35.3% | 3.8% | 8.9% | 16.4% | 41.0% | -25.2% | 5.0% | 2.0% | 16.0% | 21.0% | | | |
| Gross profit | \$15.6 | \$15.8 | \$15.4 | \$19.4 | \$20.5 | \$18.4 | \$18.6 | \$20.1 | \$20.7 | \$21.5 | \$21.4 | \$22.0 | \$66.2 | \$85.7 | \$85.6 |
| Gross margin | 80.1% | 82.2% | 77.0% | 80.2% | 79.7% | 75.2% | 68.4% | 75.8% | 75.5% | 75.8% | 72.9% | 69.6% | 79.9% | 82.6% | 73.3% |
| Operating expenses | | | | | | | | | | | | | | | |
| Research and development | \$15.1 | \$12.1 | \$12.2 | \$15.2 | \$13.0 | \$13.0 | \$13.1 | \$12.8 | \$12.4 | \$12.2 | \$12.0 | \$12.7 | \$54.7 | \$51.8 | \$49.2 |
| SG&A | \$6.1 | \$6.2 | \$8.7 | \$8.9 | \$8.6 | \$8.7 | \$7.9 | \$7.9 | \$8.8 | \$9.3 | \$10.0 | \$11.1 | \$29.9 | \$33.1 | \$39.2 |
| Total operating expenses | \$21.2 | \$18.3 | \$20.9 | \$24.2 | \$21.6 | \$21.7 | \$21.0 | \$20.7 | \$21.1 | \$21.5 | \$22.0 | \$23.7 | \$84.6 | \$84.9 | \$88.4 |
| Operating income (loss) | (\$5.6) | (\$2.5) | (\$5.5) | (\$4.7) | (\$1.1) | (\$3.3) | (\$2.5) | (\$0.6) | (\$0.4) | (\$0.1) | (\$0.6) | (\$1.7) | (\$18.4) | (\$7.4) | (\$2.8) |
| Interest income | \$0.0 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.2 | \$0.1 | \$0.0 |
| Interest expense and other net | (\$0.4) | (\$0.4) | (\$0.7) | (\$0.5) | (\$0.4) | (\$0.7) | (\$0.0) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | (\$2.0) | (\$1.0) | \$0.0 |
| Net income before tax | (\$6.0) | (\$2.8) | (\$6.2) | (\$5.2) | (\$1.4) | (\$3.9) | (\$2.4) | (\$0.6) | (\$0.4) | (\$0.0) | (\$0.6) | (\$1.7) | (\$20.2) | (\$8.3) | (\$2.7) |
| Provision for income taxes | \$0.1 | \$0.0 | (\$0.0) | (\$0.0) | (\$0.1) | \$0.1 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.1 | \$0.6 | \$1.2 |
| Net income (loss) | (\$6.1) | (\$2.9) | (\$6.2) | (\$5.2) | (\$1.4) | (\$3.9) | (\$2.7) | (\$0.9) | (\$0.7) | (\$0.3) | (\$0.9) | (\$2.0) | (\$20.3) | (\$9.0) | (\$3.9) |
| Basic income (loss) per share | (\$2.35) | (\$1.09) | (\$2.35) | (\$1.98) | (\$0.48) | (\$0.15) | (\$0.08) | (\$0.03) | (\$0.02) | (\$0.01) | (\$0.02) | (\$0.05) | (\$7.77) | (\$0.74) | (\$0.11) |
| Diluted income (loss) per share | (\$2.35) | (\$1.09) | (\$2.35) | (\$1.98) | (\$0.48) | (\$0.15) | (\$0.08) | (\$0.03) | (\$0.02) | (\$0.01) | (\$0.02) | (\$0.05) | (\$7.77) | (\$0.25) | (\$0.11) |
| Based Weighted Avg Shares | 2.6 | 2.6 | 2.6 | 2.6 | 2.8 | 26.6 | 34.2 | 34.7 | 35.2 | 35.7 | 36.2 | 36.7 | 2.6 | 34.7 | 36.7 |
| Diluted Weighted Avg Shares | 2.6 | 2.6 | 2.6 | 2.6 | 2.8 | 26.6 | 34.2 | 34.7 | 35.2 | 35.7 | 36.2 | 36.7 | 2.6 | 34.7 | 36.7 |
| Percent of Sales | | | | | | | | | | | | | | | |
| Gross Margin | 80.1% | 82.2% | 77.0% | 80.2% | 79.7% | 75.2% | 68.4% | 75.8% | 75.5% | 75.8% | 72.9% | 69.6% | 79.9% | 82.6% | 73.3% |
| Incremental Gross Margin | 273.6% | -109.4% | -39.6% | 95.8% | 70.9% | 170.2% | 5.5% | -232.7% | 67.9% | 84.2% | -5.6% | 27.2% | 89.2% | 93.5% | -1.0% |
| R&D | 78.0% | 63.1% | 61.0% | 62.9% | 50.5% | 53.1% | 48.2% | 48.2% | 45.0% | 43.0% | 41.0% | 40.0% | 66.0% | 49.9% | 42.2% |
| SG&A | 31.2% | 32.2% | 43.4% | 36.9% | 33.5% | 35.3% | 29.3% | 30.0% | 32.0% | 33.0% | 34.0% | 35.0% | 36.0% | 31.9% | 33.6% |
| Operating Income | -29.1% | -13.0% | -27.4% | -19.5% | -4.3% | -13.3% | -9.1% | -2.4% | -1.5% | -0.2% | -2.1% | -5.4% | -22.2% | -7.2% | -2.4% |
| Net Income | -31.4% | -14.9% | -30.7% | -21.4% | -5.3% | -16.1% | -10.1% | -3.5% | -2.5% | -1.2% | -3.1% | -6.3% | -24.5% | -8.6% | -3.4% |
| Tax Rate | -1.0% | -1.6% | 0.3% | 0.3% | 5.5% | -2.7% | -12.1% | -46.7% | -72.6% | -447.7% | -48.0% | -17.3% | -0.4% | -8.3% | -42.3% |
| Pro Forma EBITDA | (\$4.3) | \$0.3 | (\$5.2) | (\$4.4) | \$0.7 | (\$1.3) | (\$0.5) | \$1.5 | \$1.8 | \$2.2 | \$1.8 | \$0.8 | (\$12.2) | \$0.4 | \$6.6 |
| % Change Y/Y | | | 14.1% | 84.4% | -17.2% | -455.7% | 8.9% | -33.4% | 242.5% | -165.6% | -386.7% | 53.4% | | | |
| % Change Q/Q | -17.0% | -106.9% | -1854.7% | -15.9% | -116.9% | -282.8% | -65.9% | -417.7% | 22.5% | 24.8% | -20.4% | -56.1% | | | |
| % Sales | -94.0% | 7.1% | -112.0% | -84.8% | 11.8% | -15.9% | -4.8% | 20.5% | 23.9% | 29.3% | 20.1% | 7.3% | | | |
| LTM EBITDA | | (\$45.9) | (\$14.4) | (\$13.6) | (\$8.5) | (\$10.2) | (\$5.4) | \$0.4 | \$1.4 | \$5.0 | \$7.3 | \$6.6 | (\$12.2) | \$0.4 | \$6.6 |
| Capital Spending | \$1.3 | \$3.2 | \$2.0 | \$4.3 | \$1.3 | \$1.9 | \$4.2 | \$4.2 | \$5.2 | \$6.2 | \$7.2 | \$8.2 | \$10.8 | \$11.6 | \$26.8 |
| % of Sales | 6.7% | 16.7% | 10.0% | 17.7% | 5.1% | 7.8% | 15.5% | | 15.9% | 18.9% | 21.9% | 24.5% | 13.0% | 11.2% | 23.0% |
| Depreciation | \$1.3 | \$2.8 | \$0.3 | \$1.7 | \$1.8 | \$1.9 | \$2.0 | \$2.1 | \$2.2 | \$2.3 | \$2.4 | \$2.5 | \$6.1 | \$7.8 | \$9.4 |
| % of COGS | 34.9% | 82.1% | 6.5% | 35.5% | 35.2% | 31.3% | 23.4% | | 32.8% | 32.7% | 33.5% | 30.2% | 36.8% | 43.5% | 30.1% |
| FCF Ops Est. (PF EBITDA + NI -Capex) | (\$5.6) | (\$2.9) | (\$7.2) | (\$8.7) | (\$0.6) | (\$3.2) | (\$4.7) | (\$2.7) | (\$3.4) | (\$4.0) | (\$5.4) | (\$7.4) | (\$23.0) | (\$11.2) | (\$20.2) |

Source: Company Reports, Barclays Capital Estimates; Notes: All numbers in USD MM unless otherwise noted

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I, Vishal Shah, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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Primary Stocks (Ticker, Date, Price)

Codexis, Inc. (CDXS, 27-Oct-2010, USD 9.24), 2-Equal Weight/2-Neutral

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In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating

1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

2-Equal Weight - The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

3-Underweight - The stock is expected to underperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

RS-Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including when Barclays Capital is acting in an advisory capacity in a merger or strategic transaction involving the company.

Sector View

1-Positive - sector coverage universe fundamentals/valuations are improving.

2-Neutral - sector coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

3-Negative - sector coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "sector coverage universe":

U.S. Clean Technology

| | | |
|--|---|------------------------------------|
| A123 Systems Inc. (AONE) | American Superconductor Corp. (AMSC) | Canadian Solar Inc. (CSIQ) |
| China Sunergy Co., Ltd. (CSUN) | Clean Energy Fuels Corp. (CLNE) | Codexis, Inc. (CDXS) |
| Comverge Inc. (COMV) | Ener1, Inc. (HEV) | Energy Conversion Devices (ENER) |
| EnerNOC Inc. (ENOC) | Evergreen Solar Inc. (ESLR) | First Solar Inc. (FSLR) |
| GT Solar International Inc. (SOLR) | Itron Inc. (ITRI) | JA Solar Holdings Co., Ltd. (JASO) |
| LDK Solar Company Limited (LDK) | MEMC Electronic Materials (WFR) | ReneSola Ltd. (SOL) |
| Solarfun Power Holdings Co., Ltd. (SOLF) | SunPower Corp. (SPWR) | Suntech Power Holdings (STP) |
| Trina Solar Limited (TSL) | Yingli Green Energy Holding Co., Ltd. (YGE) | |

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Codexis, Inc. (CDXS)

USD 9.24 (27-Oct-2010)

Stock Rating

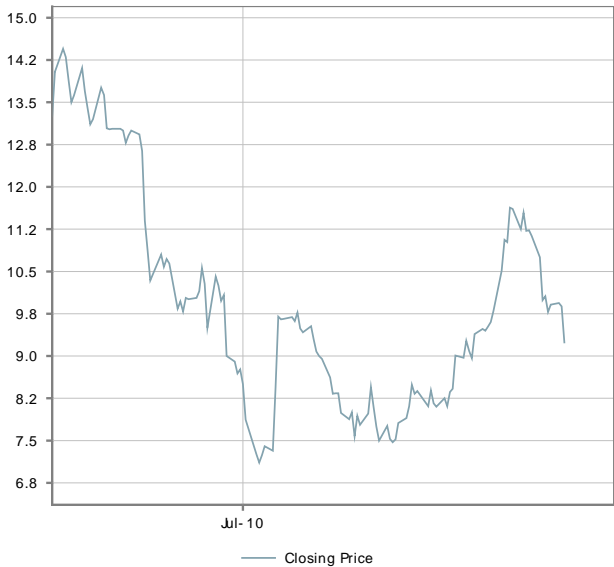
2-EQUAL WEIGHT

Sector View

2-NEUTRAL

Rating and Price Target Chart - USD (as of 27-Oct-2010)

Currency=USD



Date Closing Price Rating Price Target

Barclays Bank PLC and/or an affiliate trades regularly in the shares of Codexis, Inc..

Valuation Methodology: Our price target of \$11 is based on a DCF analysis using the following framework: CAGR of 26% from 2011 through 2020, WACC of 6.4%, and a terminal value of 2%.

Risks which May Impede the Achievement of the Price Target: i) Lack of near-term profitability, possibly until 2013, ii) Shell R&D agreement could end earlier than expected, limiting main source of revenues, iii) Cosan & Shell joint venture may be delayed or cancelled, limiting long-term growth prospects and potential revenue source, iv) biofuels industry may not grow as expected, negatively affecting long-term growth potential.

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