PARTICIPANTS

Corporate Participants

Joel Velasco – Senior VP-External Relations & Public Policy, Amyris, Inc.
John G. Melo – President, Chief Executive Officer & Director, Amyris, Inc.
Steven Richard Mills – Chief Financial Officer, Amyris, Inc.

Other Participants

Vishal Shah – Analyst, Deutsche Bank Securities, Inc.
Jeffrey Zekauskas – Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Amyris Second Quarter 2013 Conference Call. This call is being webcast live on the events page of the Investors section of Amyris's website at www.amyris.com. This call is the property of Amyris, and any recording, reproduction, or transmission of this call without the expressed written consent of Amyris is strictly prohibited. As a reminder, today's call is being recorded. You may listen to a webcast replay of this call by going to the investors section of Amyris's website.

I would now like to turn the call over to Joel Velasco, Senior Vice President.

Joel Velasco, Senior VP-External Relations & Public Policy

Good afternoon. Thank you for joining us to discuss highlights of Amyris's second quarter financial results, our recent progress, and our business outlook. With me today are John Melo, our Chief Executive Officer; and Steve Mills, our Chief Financial Officer.

On the call today and on this online webcast, you will hear discussions of non-GAAP financial measures. Reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures is contained in the press release distributed today, which is available at amyris.com. The current report on Form 8-K furnished with respect to our press release is also available on our website, as well as on the SEC website at sec.gov.

We will provide certain forward-looking statements about events and circumstances that have not yet occurred, including projections of Amyris's operating activities for 2013 and beyond. These statements are based on management's current expectations, and actual results and future events may differ materially due to risks and uncertainties including those detailed in the company's recent SEC filings and the risk factor sections of Amyris's quarterly report on Form 10-Q filed with the SEC on May 9, 2013.

Amyris disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise. Please refer to the Amyris SEC filings for a detailed discussion of the relevant risks and uncertainties.

I will now turn the call over to John Melo.

John G. Melo, President, Chief Executive Officer & Director

Thank you, Joel. Good afternoon and thank you for joining us for our second quarter call. We will review our financial results for the second quarter and provide an update on our business performance and outlook. We will also provide additional detail regarding the financing we announced earlier today.

Let me begin with a review of activities to-date focused on the three areas we've highlighted in our press release this afternoon; Farnesene production at Brotas, commercial product sales progress and pipeline; and our expanding technology and new product collaborations that deliver short-term cash and long-term product pipeline.

Let me start with the first item, our industrial production at Brotas/ Paraíso. We have successfully ramped up our Farnesene production facility adjacent to the Paraíso sugarcane mill in Brotas, Brazil. As you recall, we completed the commissioning of this, our first purpose-built plant, in late December 2012. During the last seven months, we deliberately paced our production activities to ensure a successful start-up of our six main fermentors at the Brotas plant. I'm pleased to report we now have all six fermentors operational. Yet, the second quarter was challenging as we dealt with the remaining start-up issues at the plant and methodically worked through the full ramp-up and dealt with all the expected fermentation issues of contamination and regular disruptions.

We prioritized getting through these learning pains and achieving our production cost target for the year over production volume, and not surprisingly, this resulted in lower production volume during the period. As of last week, we have put all six fermentors in operation. The team now is routinely inoculating multiple fermentors and completing Farnesene draws at harvests. This increases our confidence in the Brotas teams' ability to operate the plant at optimum capacity and drive for higher volumes in the second half of the year, while achieving our cost target of $4 a liter or less by year end. As expected, our unit production cost decreased considerably in July.

We have benefited greatly from our prior experience at our contract manufacturing sites. Yet, there is nothing that compares with operating our own plant in real-world conditions. Scaling up biology has its challenges. Thanks to the hard work and sacrifice of our employees and contractors, we have overcome operational challenges with practical solutions and have a stable operating plant.

With Brazil continuing to be the lowest cost, largest-scale access to fermentable sugars, we believe that our successful scale-up experience and know-how now provides us with a significant competitive advantage. As we indicated in our prior calls, in the future we will continue to bring the latest improved Farnesene production strains to our Brotas facility to increase operational efficiency and production volumes. We expect the combination of these two steps to further reduce our per-unit production costs, which is our underlying objective for this facility in its first year.

As Steve will detail shortly, our progress and confidence in scaling-up our own Farnesene production at Brotas also allowed us to exit our last contract manufacturing operation for Farnesene. We have not used the Tate & Lyle contract manufacturing site for Farnesene production since early March, and we agreed to terminate the agreement. While the decision carried some short-term cost impact, it also removed a long-term financial obligation as we focus on achieving cash flow positive operations in 2014.

On the second item, product sales progress and pipeline, I am pleased to say that our second quarter results were our best to-date. During the second quarter, we recorded $4.2 million in renewable product sales, which represents an increase of 40% over the prior quarter and over 80% over the second quarter of 2012. Moreover, we are deepening our existing customer commitments and expanding our product sales pipeline, not just focused on Farnesene-derived products but on new molecules we are developing with our partners.

Let's now review each of our key commercial products. On renewable fuel sales, during the second quarter increased by about 20% over the prior quarter. In addition to our continuing renewable diesel sales to public transit bus fleets in metropolitan areas of Brazil, we delivered another 10,000 gallons to the US Navy for testing against their marine diesel specifications and supplied other limited volumes for testing with other groups. All told, our diesel sales represented slightly over one-third of our total renewable product revenues for the quarter.

We continue to receive positive feedback on our renewable diesel fuel, both privately and publicly. In São Paulo and Rio alone, our renewable diesel, known locally as Diesel de Cana has reliably powered buses for over 15 million miles, all the while reducing emissions. Working with OEM partners such as Mercedes-Benz, Volkswagen, MAN, Scania, and others, we continue to raise awareness of the benefits of our renewable diesel.

The Brazilian off-road racing legend, Klever Kolberg, successfully completed the Rally dos Sertões race with a turbo diesel engine running 100% on our diesel last week. We remain optimistic about our ability to grow our renewable fuels business in partnership with Total over the long term, not just in terms of diesel, but also jet fuel. In June, at the Paris Air Show, we successfully flew a demonstration flight with our renewable jet fuel in partnership with Total, Airbus, and Air France.

The second public demonstration of our renewable jet fuel produced from Farnesene builds on our prior demonstration last year in Brazil with Embraer and others. It also provides important validation data for our strategy to achieve industry ASTM certification in the coming months.

As for our other commercial product line, we saw robust growth of our Neossance Squalane product during the second quarter. Sales of our renewable emollient to the cosmetics industry increased by nearly 65% over the previous quarter, confirming our view that cosmetic formulators are shifting from shark and olive oil-derived Squalane to Amyris' sugarcane-derived Squalane.

We believe this transition is driven, not just by the volatility of traditional Squalane sources as demonstrated by the current olive crop shortage, but also by the value proposition of our product which we believe is of superior quality and can help return the size of the Squalane market to its historical levels.

While much of the industry is suffering from olive shortage and regulatory limitations on shark-derived Squalane, we have a reliable supply of high-performance Squalane deliverable at a predictable price. This is the value proposition the industry is seeking and what we are delivering today.

During the second quarter, we completed an agreement with SEPPIC, a global leader in specialty ingredients in health and beauty markets to purchase the majority of their Squalane from Amyris. SEPPIC, an affiliate of Air Liquide, is a leading supplier of Squalane to the cosmetics industry. Their commitment to Amyris marks a milestone for our product rollout.

We expanded our Squalane distribution network with the addition of Laserson in Europe which joined our existing distributor network of Centerchem in United States and Nikko in Japan and other parts of Asia. This results in a balanced distribution partner portfolio with the world's leading distributors of Squalane.

Working closely with these experienced customers and distributors, our Neossance Squalane is now available in a range of products from body and hair care products to makeup. These products are sold to our distributors at a number of retailers, from Japanese stores to US mass and convenience markets and most recently, at Sephora and QBC. I was pleased to see that we even made it into the pages of Good Housekeeping Magazine this month.

Lastly, we also sold Farnesene to our expanded lubricants joint venture, Novvi, and to Kuraray, one of our partners in the polymer space. I described these opportunities in detail during our last call. Novvi has successfully produced large test quantities of renewable base oils from our Farnesene. The Novvi base oil will be used for testing with leading industrial and automotive lubricant companies. Separately, Kuraray continues to report very good progress in testing with leading tire manufacturers. We have been informed that at least three major tire manufacturers are moving to field testing of tires incorporating Liquid Farnesene Rubber.

From commercial products like renewable diesel and Squalane, to new Farnesene development opportunities, we are pleased with the current growth and we are optimistic about the future sales potential of our Farnesene-derived products.

Our current product, partner, and customer portfolio underpins our business growth through 2016 and beyond and enables us to achieve our target profitability during this period. Our focus remains on continued successful execution.

Now, before turning to Steve for a review of the quarter's financials, let me briefly touch on my last update item, our progress during the second quarter in expanding R&D and new product development partnerships, a critical element of our strategy to provide short-term cash as we expand the reach of our breakthrough technology and continue growing our long-term product pipeline.

Our largest collaboration to-date has been with Total and is focused on Farnesene for fuels. We continue to meet the milestones of our Farnesene development program for the second quarter and received the 2013 funding associated with the program during the quarter. We are pleased with Total's continued financial and technical contributions to our Biofene program and with the mutually beneficial growth opportunities in other areas beyond fuels.

The Total collaboration is on track to represent slightly less than 50% of our collaboration dollars for this year. While extremely pleased with progress to-date with scaling of Farnesene, Amyris is not a one-molecule company. As an example, during the first half of the year, we completed a series of collaboration programs with the world's leading flavors and fragrances companies, including Firmenich, IFF, Givaudan, and others.

Recall that for most of these collaboration projects, we receive upfront payments during the R&D phase and share in value realized from the commercialization of the resulting products. And as a result of our progress in these flavor and fragrance collaborations, we are now in the final stages of planning the initial commercial production of our first fragrance oil molecule which will be sold by our partner, Firmenich. Our plan calls for commercial scale production of this new molecule at a specialty contract manufacturing site later this year. We have completed several successful pilot runs. We anticipate being able to provide additional information about the production of this and other flavor and fragrance molecules in the coming quarters.

During the second quarter, we successfully completed the first phase of our DARPA 'Living Foundries' contract. As you may recall, in June 2012, Amyris was awarded a multiyear $8 million contract from the US Department of Defense Advanced Research Projects Agency, DARPA, to develop tools that can expand the scope of Amyris's industrial synthetic biology technology platform across various biological platforms and cell types. Having met certain technical milestones, we are aggressively working to complete the remaining milestones, again, on schedule.

We believe projects such as these are mutually beneficial as they augment our advanced R&D capabilities. In fact, just last week, Amyris was one of only two presenters in a workshop for another DARPA solicitation. These collaborations underpin our R&D infrastructure investment in maintaining our position as the leading synthetic biology company.

We are on track to exceed our goal of covering 80% or more of our OpEx by collaboration payments. This is a result of three consecutive years of consistent collaboration cash in excess of $60 million annually and the consistent reduction in our cost base.

In sum, our partners' strong interest in our synthetic biology platform and our expanding intellectual property portfolio are examples of the opportunities we continue to pursue. We believe that by leveraging our powerful technology, we can not only secure the collaboration cash cover we need to achieve positive cash flow from operations, but also expand our new product portfolio to generate better potential long-term growth for our investors.

Let me now turn the call over to our CFO, Steve Mills, for a review of our financials, including our financing led by Temasek and to provide some outlook before we take some of your questions. Steve?

Steven Richard Mills, Chief Financial Officer

Thank you, John, and good afternoon, everyone. As you will have seen from our earnings release, we reported a GAAP loss of $38.9 million or $0.51 per share for the second quarter of 2013. Our loss, on an adjusted non-GAAP basis for the second quarter, excluding a nonrecurring loss on purchase commitments and write-off of production assets, and excluding stock-based comp expense was $25.5 million or $0.34 per share. That compares to a non-GAAP loss of $37.9 million or $0.66 per share in the comparable quarter of the prior year.

In percentage terms, on the non-GAAP numbers, this loss is 10% less than the previous quarter and 33% lower than the second quarter of 2012. Total revenues for the quarter were $10.8 million, up from the first quarter due to increases in both renewable product sales and in revenues from grants and collaborations. As John described in detail, sales of our renewable products, Squalane, renewable diesel, and Farnesene for specialty chemical applications increased by 40% over the first quarter of 2013 to $4.2 million as we began to draw on our Brotas production for sales volumes.

When comparing 2013 product sales revenues to the prior year, remember that the lower 2013 revenues are principally due to our transition out of the ethanol and ethanol-blended gasoline business in 2012, a transition that we completed in the third quarter of last year. Excluding the ethanol and ethanol-blended gasoline sales from the second quarter 2012 revenues, total revenues for the second quarter of 2012 was $6 million of which $2.3 million were renewable product sales and $3.7 million were from collaboration and grant revenues.

As we indicated in our prior call, we are providing in the earnings release our progress regarding annual collaboration funding as these dollars do not always appear in the revenue line since the accounting rules for recognizing collaboration revenue dictate the timing of the amount of revenue we record and what amounts remain on the balance sheet.

During the first two quarters of 2013, we received $28.1 million in collaboration funding compared to $22.9 million in the first half of 2012. In late July, we received an additional $20 million of collaboration-related cash from Total, which completed Total's 2013 collaboration funding for the year. We are still on plan to cover 80% of our 2013 cash operating expenses with expected collaboration funding of $60 million to $70 million for the year.

Our cost of products sold for the quarter declined to $8.9 million as compared to the same quarter last year, principally due to the absence of the costs associated with the ethanol and ethanol-blended gasoline business. On a sequential quarter basis, our costs of products sold were flat as we continued to methodically bring our production fermentors online at Brotas.

In the second quarter of 2013, we recorded a loss of $8.4 million related to purchase commitments and the write-off of production assets as a result of the termination of our Tate & Lyle contract manufacturing agreement. As John described, the successful scale-up of our Farnesene production facility at Brotas led us to a decision to negotiate a termination agreement with Tate & Lyle. Our last production volumes from Tate & Lyle were in March 2013.

Under the termination agreement, Amyris was required to make cash payments to Tate & Lyle of $8.8 million. $3.6 million was paid in July and the remaining $5.2 million is due later in 2013. These payments are deemed to be in full satisfaction of all amounts otherwise owed under the contract that would have run through 2016, irrespective of production at Tate & Lyle.

We continue to reduce our overall operating expenses. Our combined R&D and SG&A expenses declined 30% to $28.7 million from $40.7 million for the same quarter of the prior year, primarily due to reductions in personnel-related costs and overall lower spending. On a sequential-quarter basis, our expenses were about 6% lower and we are on track for our target of $85 million of cash operating expenses for the year.

Turning to the balance sheet, our cash balance at the end of the second quarter was $12.9 million. During the quarter, we received $10 million in cash proceeds from Total as part of our collaboration agreement. CapEx spending remained minimal for the quarter. Subsequent to June 30, we received an additional $20 million in cash proceeds from Total related to the collaboration agreement. In addition, as detailed in our earlier press release today and the related regulatory filings, we have signed an agreement with Amyris's second-largest stockholder to issue convertible notes in a private placement for up to $60 million in cash proceeds.

Under the terms of the agreement, the shareholder has agreed to purchase $35 million of the notes in an initial tranche, and, at our option, up to $25 million in a second tranche. Both tranches are subject to Amyris's satisfaction of closing conditions, including stockholder approval of the transaction at an upcoming special meeting of stockholders in September. Amyris's largest shareholder, Total, will participate for its pro rata portion of the offering by acquiring these new notes by cancelling currently outstanding promissory notes in the amount of approximately $13 million; so no new cash coming in from Total.

We believe that if we are able to continue to execute on our business plan that this financing announced today provides us with the necessary funding for us to reach cash flow positive from operations. We are also having ongoing discussions with additional investors as we consider additional growth options and further operational flexibility.

Let me now turn to the outlook for the second half of the year. In our previous earnings call, we indicated our 2013 plan called for a relatively modest level of capital expenditures, about $10 million, and we estimated our cash expenditures for SG&A and R&D would be less than $85 million for the year. This $85 million number excludes depreciation and stock based compensation. Based on where we stand today, we believe our OpEx and CapEx targets are still in line.

We also indicated we were targeting $60 million to $70 million in collaboration funding for 2013 to cover at least 80% of the $85 million of cash operating expenses. As we noted earlier in this call, we are making good progress toward achieving our collaboration funding goal for the year. It is worth repeating that collaborations are a critical element of our business plan, helping us build strong technical partnerships intended to end with product commercialization as well as generating a longer-term cash stream as we capture a share of the gross margin in the total value chain of the product.

We do have an update on our renewable product sales outlook. With a weakening Brazilian real, a change in our anticipated product sales mix, and a lower volume available to sell due to the slower than anticipated ramp-up during the second quarter at Brotas that John described earlier, we now expect our full-year 2013 renewable product sales revenue to be in the $25 million to $30 million range, marginally lower than the prior range we discussed last quarter. And we expect the majority of our remaining sales for 2013 to come in the fourth quarter.

Our production volumes at Brotas increased in July, and we are planning for higher-volume production throughout the second half of the year. We expect our Farnesene production cost to come down through a combination of increased volumes, improved yeast strains, and increased efficiencies. As John mentioned, our plan is to end the year with a $4 per liter or lower cash production cost for Farnesene. This cost level will keep us on track to achieve positive cash margins from our renewable products portfolio by year end.

I'll turn the call back over to John for some closing remarks, and then we'll open up the call for questions.

John G. Melo, President, Chief Executive Officer & Director

Thank you, Steve. Let me end by summarizing where we are today as a company, where we are headed and what our customers, partners, and investors tell us as we continue to win their business and their capital commitment.

First, our sales of high-performance renewable products are growing rapidly with high-quality long-term customers. Second, we have our first industrial plant with all fermentors operational, achieving our key operational targets and delivering stable operations. This is becoming more predictable every month. Third, we've successfully taken different fermentation products, artemisinin, for a malaria drug, Farnesene for fuels and chemicals and fragrance oil for the aroma industry from concept to lab and to commercial-scale fermentation. Fourth, we have developed and screened millions of different strains, demonstrating our unique ability to engineer a microbe to make a target molecule and do this successfully at scale while achieving our commercial targets. This is the promise of synthetic biology that we are making real today.

We had demonstrated a disciplined approach to our cost base and to our scale-up. This discipline has resulted in a 30% reduction in our operating expenses year-over-year and a first stable industrial plant in our emerging sector. This is our third consecutive year where we are generating more than $60 million in collaboration funding. This is short-term cash from our partners to deliver our long-term product pipeline and underpinning our earnings growth.

And lastly, the financing we announced today provides us with the necessary funding to reach cash flow positive from operations based on continued execution of our business plan. We are having ongoing discussions with investors who've expressed interest in this financing, as we consider additional growth options and further operational flexibility.

Our key focus for the remainder of the year is operational execution. We are well on our way to helping the world think differently about how stuff is made. We are changing the composition of tires, lubricants, specialty fluids, plastics, cosmetics, fragrances, fuels and much more. We are showing our customers that renewable solutions can deliver better performance and enable sustainable growth from their business. Many of our customers tell us their biggest challenge is to supply the 1 billion or more new middle-class consumers by 2020 while maintaining predictable supply of materials at a competitive price. This is what we are helping them with and what is supporting our growth.

The financing we announced today was a great opportunity for us to better understand why our customers and investors choose us. Let me explain their perspective in four bullets. First, we are not a single-molecule company trying to use complicated chemistry to adapt a single molecule into many markets. We have the leading technology in the world to engineer microbes to make the molecules our customers' need. Secondly, we have a capability of addressing some very interesting, high-performance and high-value molecules that can provide good early returns. This is realized in the form of higher average selling prices than commodity chemicals or fuels. We have proven our Farnesene technology at scale and believe we have an industrial plant to achieve our chemical targets with our building-block molecule, Farnesene. We have demonstrated disciplined execution over the last 18 months. We have our costs under control and are delivering on our milestones and growing our revenue with the right team and support of our leading investors.

Our partners and our customers consistently tell us we are significantly ahead of our competitors; and we are committed to staying ahead while we make progress at becoming cash flow positive in 2014, and profitable in 2015. We have much more to do to achieve our full potential, and we appreciate your support.

Operator, would you please open the line for questions?

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from [ph] Enrique Akashi from Piper Jaffray (31:07).

<Q>: Hey, guys. Good afternoon. With the recent frost leading to higher sugar prices, for the back half of the year, how does that affect the way you think about production and market allocation?

<A – John Melo – Amyris, Inc.>: Enrique, we have not seen the frost negative impact on either our cost or supply. And as a matter of fact, the frost has been – or said differently, the cold during this winter has been helpful to us in our fermentation. The frost you're referring to was in the Mato Grosso area and our mill is nowhere near that area.

<Q>: Well, that makes a lot of sense because I – and we did notice that CONSECANA prices have been improving year-over-year and sequentially. And because you mentioned kind of your having a bit of a different mix coming into the back half. Would you be able to provide a little bit more clarity on how you're thinking about that mix?

<A – John Melo – Amyris, Inc.>: Sure, Enrique. We achieved an $8.38 average selling price during second quarter and that was slightly better than we expected. And what we're indicating regarding mix is that we expect our mix to be more biased towards our – the – our Farnesene supply to Novvi and our base oils, which have a lower average selling price, so the indication mix is really to guide average selling price down from where we've been, which we indicated at the end of the year was what we expected for the second half. And the mix factor influencing that will really be the volume to Novvi, which is Farnesene for the base oil business.

<Q>: Got it. Last one from me, I just wanted to get you guys' thoughts on the announcement from the EPA regarding RINs for the RVOs? Just wanted maybe your thoughts on how you're thinking about it?

<A – John Melo – Amyris, Inc.>: Say that again? Regarding RINs? Enrique, I lost a little bit of the question.

<Q>: Oh, sure. Just on the renewable volume obligations?

<A – John Melo – Amyris, Inc.>: Yes, we – again, we think there is a lot of uncertainty in RINs, and as a result – I think you've seen our mix. Other than the military supply that we have in the US, we're not dependent on RINs in the US and we don't have much volume exposed to RIN. So it's not something we really are tracking carefully, again, because our economics are not influenced by RINs in the short term.

<Q>: Great. Thanks, guys.

<A – John Melo – Amyris, Inc.>: Thanks, Enrique.

Operator: Thank you. Our next question comes from Vishal Shah from Deutsche Bank.

<Q – Vish Shah – Deutsche Bank Securities, Inc.>: Yes, hi, thanks for taking my question. I wanted to understand what the collaboration funding will be for 2014, especially from Total? And then what's your cash burn going to be in the next couple of quarters?

<A – Steve Mills – Amyris, Inc.>: I can – this is Steve. I can start on that, and then John can chime in. The contractual arrangement we have with the – with Total relative – the current collaboration agreement shows about $21 million, $22 million that comes in, split between mid-2014 and I think January 2015, split 50/50. That kind of wraps up the big collaboration agreement that we've had ongoing with them, and we look at obviously continuing to work with Total on a variety of fronts, as well as a variety of other folks. As John mentioned, we've got a lot of interest in our science and our capabilities and technologies, and just as we've done in the Flavors and Fragrance businesses that we've just got a lot of interest about all this stuff that we can make.

From a cash burn perspective, as I mentioned, we expect OpEx to continue to hold steady and drift down. We've done a good job of managing expenses. We were 6% lower on a cash basis quarter over quarter, and we expect to maintain the current level or drop on a cash basis.

CapEx, as I talked about, we've got a 2013 target of $10 million. So far this year, we're at $3.7 million for the first six months. We'll probably come in a little bit under that $10 million. And we really don't see significant CapEx requirements going forward. And as we mentioned on the call, the – we had – we terminated our agreement with Tate & Lyle. What we're at now is we really cleaned up most of the business, so we're focusing on running Brotas, developing the fragrance oil and continuing to build our R&D group and supply the collaboration side, so there is not a lot of out of the ordinary type cost coming up. I don't know, John, anything you'd like to add?

<A – John Melo – Amyris, Inc.>: Thanks, Steve. I think the only thing I would add is, several of our collaborations, including Total, are multi-year. So, you can imagine what goes from this year to next, already has a base to start. In addition to that, I think what Steve mentioned earlier and I think I highlighted also, is we see a very strong pipeline and we'll continue to be at about 80% or better in covering our OpEx costs with collaboration funding. We've been able to achieve that and will be achieving that during this year. We were very close to the same dollar amount, actually slightly higher as we finish this year, as we were last year and the year before. And we see ourselves maintaining again that dollar level from collaborations which will get us again more than 80% cover of our OpEx. And again, predominantly, I can tell you that most if not all of our current collaboration partners and negotiations are from multi-year collaborations; two to three-year or longer, and really focused on building the long-term product pipeline in addition to supporting our short-term cash needs.

<Q – Vish Shah – Deutsche Bank Securities, Inc.>: That's all for – just to clarify, you are still in negotiations with your collaboration partners for 2014, or is it fair to say that whatever you get in 2013 stays for 2014 also, besides Total obviously.

<A – Steve Mills – Amyris, Inc.>: The majority, including Total, at a slightly lower dollar amount actually continue into 2014. In addition to what we have today, we have a strong pipeline to add to what we have today for 2014. And that is to make up for some of what's dropping off, including the Total dollar amount in 2014 being less than 2013.

<A – John Melo – Amyris, Inc.>: Yes, a good current example is the Firmenich collaboration that we entered to in early this year, which we received $10 million of cash and we've got – that's a multi-year, really a very long-term arrangement. And as we talked – that's the model that we see future collaborations being designed; upfront collaboration payment, multiyear, multiproduct, with a value share at the end of it – end of that as the product gets developed in the markets.

<Q – Vish Shah – Deutsche Bank Securities, Inc.>: Okay. Great, I appreciate that. Thank you.

Operator: Thank you. [Operator Instructions] Our next question comes from Jeff Zekauskas from JPMorgan.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Hi. How are you today?

<A – John Melo – Amyris, Inc.>: Doing well, Jeff.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Good. What was cash flow from operations in the quarter?

<A – Steve Mills – Amyris, Inc.>: The cash flow from operations would be – I don't have my cash flow sitting right here in front of me. It's in the neighborhood of $20 million – was the burn.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Roughly?

<A – Steve Mills – Amyris, Inc.>: Yes, roughly.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Roughly, a burn of $20 million. Okay. I was surprised that you didn't report some kind of milestone payment from International Flavors & Fragrances?

<A – John Melo – Amyris, Inc.>: Say that again, Jeff? You...

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Yes. Go ahead. I'm sorry...

<A – Steve Mills – Amyris, Inc.>: I got it, John. Yes, IFF, we got – we've got kind of a multi-pronged payment with them, with an upfront payment and several milestone payments. And their work is going well. And I think just stay tuned for that. I think that's all going well.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Did you receive anything this quarter?

<A – Steve Mills – Amyris, Inc.>: I'm trying to remember. I think we did earlier this quarter. Hang on. I – you know I'm trying to get my dates right, Jeff, because it came close to the first quarter in. But I think we did receive some cash here in Q2.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Okay. Did you produce more than you sold this quarter or did you – just, did you produce more than you sold or did you produce less than you sold in your renewable products?

<A – Steve Mills – Amyris, Inc.>: We would have sold more than we produced. We sold from prior inventory as well as the inventory that we had at Brotas. But we did eat into the overall inventory, mainly because we had, as John described, some challenges in the second quarter from production.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: And can you remind me, what was the source again of the challenges?

<A – John Melo – Amyris, Inc.>: They were – yes, you bet. I'll jump in. Jeff, they were what I'd call some normal disruptions that we faced at the site as we started to ramp up six fermentors and as the team got more and more familiar with operating the site with all aspects of the unit working. So – and I – again, they fall into two buckets, what I'd call normal disruptions, and then some contaminations during the quarter.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: And then lastly, I was tussled about your remark saying that you sold some, I guess lower-priced material for Novvi and that – my memory was that you were focusing on group 4 or group 5 base oils which are higher-priced? Why would the base oils that you – or the base oil material that you sold to Novvi be lower value?

<A – John Melo – Amyris, Inc.>: Lower priced relative to all of our other sales with the exception of diesel. And it's Farnesene to Novvi, and then obviously they then convert that Farnesene for base oil. So it's the sale of the Farnesene to Novvi that we're referring to, and even though it's higher priced than diesel would traditionally be, it's, for our current product portfolio is probably lowest selling price product we have.

<Q – Jeff Zekauskas – JPMorgan Securities LLC>: Okay, great. Thank you so much.

<A – John Melo – Amyris, Inc.>: Thanks, Jeff.

Operator: Thank you. [Operator Instructions] Our next question comes from [ph] Brett Barol from Goldman Sachs (43:43).

<Q>: Hi. Thank you for taking the call. I'm on for Brian Lee. I just had a few questions. I was wondering if, can you provide a little more color on the private placement? I know that it's occurring in two tranches and I'm assuming that you guys will pursue the second tranche at your discretion down the road. But can you help us get a handle maybe on like the costs and interest associate with each of the tranches? It – glancing through the 8-K, it looks like there maybe some contingency for like, performance milestones?

<A – John Melo – Amyris, Inc.>: Right. Now you've read the document correctly. It's in two tranches, the first one being from a cash perspective, $35 million; and the second one being $25 million that's there for our discretion. As you also pointed out in the – in tranche one, the actual convertible – convert price is dictated regarding meeting certain conditions and milestones – some production milestones and some others that are listed in the group, which will then, depending on how those land, determine the eventual convertible price. The instruments have – the interest rate basically of 10 – 5% semi-annually, 10%-plus annually. We do have closing conditions to be able to actually close on these transactions. We need stockholder approval. We need a few other items that are listed out there, but the stockholder approval is the main one, which we have to go through that process. Tranche two – tranche one has some discounts off of the base convertible price. Tranche two does not. It's set at the $2.87 which is a trailing 60-day weighted-average closing price as of yesterday. Just trying to think of the rest of the highlights – those are the main highlights. If I didn't cover everything, I'll – shoot and I'll try to come back with your answers.

<Q>: Okay. Thanks. That's helpful. And then just as a follow-up, it sounds like with the normal start-up issues at Brotas, there might have been maybe some additional cost involved. So I was wondering, can you quantify if there were additional start-up costs, like how those impacted cost of goods sold in the quarter? And maybe how we can think about those tapering off as you ramp up?

<A – Steve Mills – Amyris, Inc.>: Well, I'll start on that and let John follow up. Costs that we incurred were just from interrupted runs and what I would call inefficient runs, obviously, at the end of the day, not getting the Farnesene out the end of the pipe at the end of the day at the rate that we want it to. We know – and in fact we've seen it already here in July that we're going to improve those numbers dramatically. The good news about it, and John pointed out in his remarks, is that we tried to manage, as we ran into issues or had interruptions, managed them very, very – we reacted quickly, managed quickly, really kept the costs down on that. What we sacrificed is we just didn't get all the volume that we liked. The volume we did produce was at a relatively high cost per unit, at least as we compare it to our plan, but we didn't burn through a lot of cash. So the plan has been, get the production up when the plan is running well, which as I said, which it has been since the 1st of July, and it's going to bring our cost – unit cost productions down dramatically. John, anything you'd like to add?

<A – John Melo – Amyris, Inc.>: No, Steve. I think that's well said.

<A – Steve Mills – Amyris, Inc.>: Thank you.

<Q>: Great. Thanks. Appreciate taking the question.

Operator: Thank you. I'm showing no further questions at this time. I'd like to hand the conference over to Mr. John Melo for any closing remarks.

John G. Melo, President, Chief Executive Officer & Director

Thanks, Sayeed. Well, I'd like to thank everyone for making time for our call, and appreciate your continued support. And I'd like to end again by summarizing, we've now accomplished accessing the necessary financing to help us achieve cash flow positive based on delivering on our plan. We have our plants and our overall operations operating at a stable level; six fermentors up and running, much higher volume during the month of July and much lower unit costs. As we look forward, our sales revenue continues to grow and our costs have continued to decline significantly over the last year. So we are well prepared to continue our growth path, and again, thank you very much for making the call and supporting the company.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes our program for today. You may all disconnect, and have a wonderful day.