SOLAZYME INC

FORM 10-Q
(Quarterly Report)

Filed 11/06/13 for the Period Ending 09/30/13

Address	225 GATEWAY BLVD. S. SAN FRANCISCO, CA 94080
Telephone	650-780-4777
CIK	0001311230
Symbol	SZYM
SIC Code	2860 - Industrial Organic Chemicals
Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____to _____

Commission File Number: 001-35189

Solazyme, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**33-1077078**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

Solazyme, Inc.
225 Gateway Boulevard
South San Francisco, CA 94080
(650) 780-4777
(Address and telephone number principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuance to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at October 31, 2013**
Common Stock, $0.001 par value per share	68,153,747 shares

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements.

SOLAZYME, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands, except share and per share amounts
Unaudited

	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 67,180	$ 30,818
Marketable securities	127,175	118,187
Accounts receivable	10,205	3,280
Unbilled revenues	2,509	3,150
Inventories	8,482	6,890
Prepaid expenses and other current assets	4,358	2,954
Total current assets	219,909	165,279
Property, plant and equipment, net	35,682	32,225
Investments in unconsolidated joint ventures	22,482	19,047
Other assets	727	473
Total assets	$ 278,800	$ 217,024
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,371	$ 7,552
Accrued liabilities	10,920	9,320
Current portion of long-term debt	63	7,331
Deferred revenue	1,957	292
Other current liabilities	83	443
Total current liabilities	20,394	24,938
Deferred revenue	489	—
Warrant liability	1,260	835
Long-term debt	10,391	7,637
Convertible debt, inclusive of derivative liability of $3,909 and net of unamortized debt discount of $4,848 as of September 30, 2013	80,840	—
Other liabilities	150	303
Total liabilities	113,524	33,713
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, par value $0.001—5,000,000 shares authorized at September 30, 2013 and December 31, 2012; 0 shares issued and outstanding at September 30, 2013 and December 31, 2012	—	—
Common stock, par value $0.001—150,000,000 shares authorized at September 30, 2013 and December 31, 2012; 68,061,830 and 61,000,724 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	68	61
Additional paid-in capital	439,315	373,577
Accumulated other comprehensive loss	(1,126)	(399)
Accumulated deficit	(272,981)	(189,928)
Total stockholders' equity	165,276	183,311
Total liabilities and stockholders' equity	$ 278,800	$ 217,024

See accompanying notes to the unaudited condensed consolidated financial statements.

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SOLAZYME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
In thousands, except share and per share amounts
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues:				
Research and development programs	$ 5,824	$ 4,810	$ 14,764	$ 23,838
Product revenues	4,797	3,773	13,712	11,846
Total revenues	10,621	8,583	28,476	35,684
Costs and operating expenses:				
Cost of product revenue	1,450	1,331	4,400	3,907
Research and development	17,556	16,534	46,191	50,276
Sales, general and administrative	15,708	13,849	46,010	41,628
Total costs and operating expenses	34,714	31,714	96,601	95,811
Loss from operations	(24,093)	(23,131)	(68,125)	(60,127)
Other income (expense):				
Interest and other income, net	347	524	1,066	1,626
Interest expense	(1,961)	102	(5,642)	(364)
Loss from equity method investments	(2,360)	(683)	(5,541)	(1,193)
Gain (loss) from change in fair value of warrant liability	200	685	(425)	1,536
Loss from change in fair value of derivative liability	(2,836)	—	(4,386)	—
Total other income (expense)	(6,610)	628	(14,928)	1,605
Net loss	$ (30,703)	$ (22,503)	$ (83,053)	$ (58,522)
Net loss per share, basic and diluted	$ (0.47)	$ (0.37)	$ (1.32)	$ (0.97)
Weighted average number of common shares used in loss per share computation, basic and diluted	64,811,632	60,678,491	62,782,668	60,386,828

See accompanying notes to the unaudited condensed consolidated financial statements.

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SOLAZYME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
In thousands
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net loss	$ (30,703)	$ (22,503)	$ (83,053)	$ (58,522)
Other comprehensive income (loss), net:				
Change in unrealized gain/loss on available-for-sale securities	98	204	(235)	693
Foreign currency translation adjustment	(75)	180	(492)	(178)
Other comprehensive income (loss)	23	384	(727)	515
Total comprehensive loss	$ (30,680)	$ (22,119)	$ (83,780)	$ (58,007)

See accompanying notes to the unaudited condensed consolidated financial statements.

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SOLAZYME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands
Unaudited

	Nine Months Ended September 30,	
	2013	2012
Operating activities:		
Net loss	$ (83,053)	$ (58,522)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,592	2,482
Net amortization of premiums on marketable securities	1,332	2,063
Amortization of debt discount	941	110
Amortization of loan fees	307	—
Stock-based compensation expense	14,452	11,558
Loss from equity method investment	5,541	1,193
Revaluation of warrant liability	425	(1,536)
Revaluation of derivative liability	4,386	—
Changes in operating assets and liabilities:		
Accounts receivable	(6,925)	(1,589)
Unbilled revenue	595	862
Inventories	(1,591)	(3,312)
Prepaid expenses and other current assets	469	306
Accounts payable	(850)	(1,646)
Accrued liabilities	1,795	(1,183)
Deferred revenue	2,154	(3,014)
Other current and long-term liabilities	(487)	(38)
Net cash used in operating activities	(56,917)	(52,266)
Investing activities:		
Purchases of property, plant and equipment	(6,528)	(11,029)
Purchases of marketable securities	(115,110)	(58,326)
Maturities of marketable securities	94,801	103,335
Proceeds from sales of marketable securities	9,419	26,119
Capital contribution in unconsolidated joint venture	(7,431)	(10,000)
Capitalized interest related to unconsolidated joint venture	(831)	—
Net cash (used in) provided by investing activities	(25,680)	50,099
Financing activities:		
Repayments under loan agreements	(14,902)	(4,506)
Proceeds from the issuance of senior subordinated convertible notes, net of debt discount	119,750	—
Proceeds from the issuance of common stock, net of repurchases	3,260	1,549
Proceeds from issuance of common stock, pursuant to ESPP	1,039	1,161
Early exercise of stock options subject to repurchase	(26)	(50)
Proceeds from borrowings under loan agreements	10,369	—
Payment for loan costs and fees	(541)	—
Net cash provided by (used in) financing activities	118,949	(1,846)
Effect of exchange rate changes on cash and cash equivalents	10	153
Net increase (decrease) of cash and cash equivalents	36,362	(3,860)
Cash and cash equivalents — beginning of period	30,818	28,780
Cash and cash equivalents — end of period	$ 67,180	$ 24,920
Supplemental disclosures of cash flow information:		
Interest paid in cash, net of capitalized interest	$ 3,480	$ 260
Income taxes paid in cash	$ —	$ —
Supplemental disclosure of noncash investing and financing activities:		
Capital assets in accounts payable and accrued liabilities	$ 1,115	$ 937
Change in unrealized (loss) gain on marketable securities	$ (235)	$ 693
Warrant issued for investment in unconsolidated joint venture	$ —	$ 10,361
Capital contribution to unconsolidated joint venture settled with reduction of receivable from unconsolidated joint venture	$ —	$ 511
Reclassification of warrant liability to additional paid-in capital	$ —	$ 4,586
Common stock issued in lieu of cash bonus	$ 121	$ —

Common stock issued in connection with use and operation of third party manufacturing facility	$ 2,655	$ —
Conversion of Senior Convertible Notes to common stock	$ 40,616	$ —
Early conversion payment on Senior Convertible Notes settled in common stock	$ 3,602	$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

SOLAZYME, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

Solazyme, Inc. (the "Company") was incorporated in the State of Delaware on March 31, 2003. The Company's proprietary technology transforms a range of plant-based sugars into high-value oils and innovative microalgal food ingredients. The Company's renewable products can replace or enhance oils derived from the world's three existing sources-petroleum, plants, and animal fats. The Company tailors the composition of its oils to address specific customer requirements, offering superior performance characteristics and value. The Company has pioneered an industrial biotechnology platform that harnesses the prolific oil-producing capability of microalgae. The Company uses standard industrial fermentation equipment to efficiently scale and accelerate microalgae's natural oil production time to a few days. By feeding plant sugars to the Company's proprietary oil-producing microalgae in dark fermentation tanks, the Company is in effect utilizing "indirect photosynthesis" in contrast to the traditional open-pond approaches. The Company's platform is feedstock flexible and can utilize a wide variety of renewable plant-based sugars, such as sugarcane-based sucrose, corn-based dextrose, and sugar from other sustainable biomass sources including cellulosics, which the Company believes will represent an important alternative feedstock in the longer term. Furthermore, the Company's platform allows it to produce and sell specialty bioproducts from the protein, fiber and other compounds produced by microalgae.

On June 2, 2011, the Company completed its initial public offering, issuing 12,021,250 shares of common stock at an offering price of $18.00 per share, resulting in net proceeds to the Company of $201.2 million, after deducting underwriting discounts and commissions of $15.1 million. Additionally, the Company incurred offering costs of $4.3 million related to the initial public offering. Upon the closing of the initial public offering, the Company's outstanding shares of redeemable convertible preferred stock were automatically converted on a one for one basis into 34,534,125 shares of common stock, and the outstanding Series B redeemable convertible preferred stock warrants were automatically converted into 303,855 shares of common stock.

The Company expects ongoing losses as it continues its scale-up activities, expands its research and development activities and supports commercialization activities for its products. The Company plans to meet its capital requirements primarily through equity financing, collaborative agreements and the issuance of debt securities.

The industry in which the Company is involved is highly competitive and is characterized by the risks of changing technologies, market conditions, and regulatory requirements. Penetration into markets requires investment of considerable resources and continuous development efforts. The Company's future success depends upon several factors, including the technological quality, price, and performance of its products and services relative to those of its competitors, scaling up of production for commercial sale, ability to secure adequate project financing at appropriate terms, and the nature of regulation in its target markets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Basis of Presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include all adjustments necessary for the fair presentation of the Company's consolidated financial position, results of operations and cash flows for the periods presented. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Solazyme Brazil Renewable Oils and Bioproducts Limitada ("Solazyme Brazil"), which had operations beginning in the first quarter of 2011, and Solazyme Manufacturing 1, L.L.C, which was formed to own the Peoria Facility assets (Note 7) and related promissory note in the second quarter of 2011. All intercompany accounts and transactions have been eliminated in consolidation.

The Company has an interest in an active joint venture entity that is a variable interest entity ("VIE"). Determining whether to consolidate a VIE in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810, *Consolidation* , requires judgment in assessing (i) whether an entity is a VIE entity and (ii) if the Company is the entity's primary beneficiary and thus required to consolidate the entity. To determine if the Company is the primary beneficiary of a VIE, the Company evaluates whether it has (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

On November 3, 2010, the Company entered into a joint venture, Solazyme Roquette Nutritionals, LLC ("Solazyme Roquette Nutritionals" or the "Solazyme Roquette JV"), with Roquette Frères, S.A. ("Roquette"), 50% owned by the Company and 50% owned by Roquette. The Company determined that this joint venture was a VIE and the Company was not required to consolidate its 50% ownership in this joint venture. Therefore, this joint venture was accounted for under the equity method of accounting. In June 2013, the Company and Roquette agreed to dissolve the Solazyme Roquette JV and on July 18, 2013, the Solazyme Roquette JV was dissolved (see Note 8).

On April 2, 2012, the Company entered into a joint venture agreement with Bunge Global Innovation, LLC (together with its affiliates, "Bunge"). The Company's joint venture with Bunge ("Solazyme Bunge JV") is a VIE and is 50.1% owned by the Company and 49.9% owned by Bunge. The Company determined that it is not required to consolidate the 50.1% ownership in the joint venture and is therefore accounting for the joint venture under the equity method of accounting (see Note 8).

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments of a normal recurring nature considered necessary to present fairly the Company's interim financial information. The results of operations for the three and nine months ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013, or for other interim periods or future years.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the United States Securities and Exchange Commission ("SEC") on March 13, 2013. The December 31, 2012 condensed consolidated balance sheet included herein was derived from the audited financial statements as of that date, but does not include all disclosures, including notes required by GAAP for complete financial statements.

Significant Accounting Policies – Except as described below, there have been no changes to the Company's significant accounting policies since the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Deferred Financing Costs – To the extent that the Company is required to pay issuance fees or direct costs relating to its credit facilities, such fees are deferred and amortized to interest expense over the contractual or expected term of the related debt using the effective interest method. The Company classifies deferred financing costs in other long-term assets, consistent with the long-term classification of the related debt outstanding at the end of the reporting period.

Debt Discounts – Debt discounts incurred with the issuance of the Company's debt are recorded in the condensed consolidated balance sheets as a reduction to associated debt balances. The Company amortizes debt discount to interest expense over the contractual or expected term of the debt using the effective interest method.

Derivative Financial Instruments – ASC 815, *Derivatives and Hedging* , establishes accounting and reporting standards for derivative instruments. The accounting standards require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The fair value of the derivative is remeasured to fair value at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value of the derivative. The Company has determined that it must bifurcate and account for the early conversion feature in its 6.00% convertible senior subordinated notes due 2018 ("the Notes") as an embedded derivative in accordance with ASC 815, *Derivatives and Hedging* (see Note 5 and Note 11). The Company recorded this embedded derivative liability as a non-current liability on its condensed consolidated balance sheets with a corresponding debt discount that is netted against the principal amount of the Notes. The Company estimates the fair value of these liabilities using a Monte Carlo simulation model.

3. BASIC AND DILUTED NET LOSS PER SHARE

Basic net loss per share is computed by dividing the Company's net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by giving effect to all potentially dilutive securities. Basic and diluted net loss per share was the same for all periods presented as the inclusion of all potentially dilutive securities outstanding was anti-dilutive.

The following table summarizes the Company's calculation of basic and diluted net loss per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Numerator				
Net loss	$ (30,703)	$ (22,503)	$ (83,053)	$ (58,522)
Denominator				
Weighted-average number of common shares used in net loss per share calculation	64,823,095	60,731,271	62,802,684	60,455,820
Less: Weighted-average shares subject to repurchase	(11,463)	(52,780)	(20,016)	(68,992)
Denominator: basic and diluted	64,811,632	60,678,491	62,782,668	60,386,828
Net loss per share, basic and diluted	$ (0.47)	$ (0.37)	$ (1.32)	$ (0.97)

The following outstanding shares of potentially dilutive securities were excluded from the calculation of diluted net loss per share for the periods presented as the effect was anti-dilutive:

	September 30,	
	2013	2012
Options to purchase common stock	10,202,053	9,279,985
Common stock subject to repurchase	8,623	46,277
Restricted stock units	1,909,224	126,168
Warrants to purchase common stock	1,500,000	1,000,000
Shares of common stock to be issued upon conversion of the Notes	9,905,521	—
Total	23,525,421	10,452,430

This table does not reflect the series of warrants issued to Archer-Daniels-Midland Company ("ADM") in March 2013 for payment in stock, in lieu of cash, at the Company's election, of future annual fees for use and operation of a portion of the ADM fermentation facility in Clinton, Iowa (the "Clinton Facility"). See Note 10.

4. MARKETABLE SECURITIES

Marketable securities classified as available-for-sale consisted of the following (in thousands):

	September 30, 2013			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Corporate bonds	$ 54,057	$ 107	$ (11)	$ 54,153
Asset-backed securities	23,341	9	(23)	23,327
Government and agency securities	19,080	16	(3)	19,093
Mortgage-backed securities	14,596	39	(42)	14,593
Commercial paper	10,993	3	—	10,996
Municipal bonds	4,267	1	(6)	4,262
Certificates of deposit	750	1	—	751
	$127,084	$ 176	$ (85)	$127,175

	December 31, 2012			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Corporate bonds	$ 49,545	$ 203	$ (4)	$ 49,744
Government and agency securities	23,431	43	(27)	23,447
Asset-backed securities	23,079	70	—	23,149
Mortgage-backed securities	12,064	40	(15)	12,089
Commercial paper	1,200	—	—	1,200
Municipal bonds	6,273	13	—	6,286
Certificates of deposit	1,003	1	—	1,004
Floating rate notes	1,266	2	—	1,268
	$117,861	$ 372	$ (46)	$118,187

The following table summarizes the amortized cost and fair value of the Company's marketable securities, classified by stated maturity as of September 30, 2013 and December 31, 2012 (in thousands):

	September 30, 2013		December 31, 2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Marketable securities				
Due in 1 year or less	$ 65,364	$ 65,442	$ 53,761	$ 53,852
Due in 1-2 years	29,629	29,664	36,510	36,694
Due in 2-3 years	12,084	12,072	11,847	11,856
Due in 3-4 years	1,000	996	744	746
Due in 4-9 years	7,147	7,145	5,158	5,179
Due in 9-20 years	1,742	1,751	1,032	1,040
Due in 20-32 years	10,118	10,105	8,809	8,820
	$ 127,084	$127,175	$ 117,861	$118,187

Marketable securities classified as available-for-sale are carried at fair value as of September 30, 2013 and December 31, 2012. Realized gains and losses from sales and maturities of marketable securities were not significant in the periods presented.

The aggregate fair value of available-for-sale securities with unrealized losses was $40.2 million as of September 30, 2013. Gross unrealized losses on available-for-sale securities were $0.1 million as of September 30, 2013 and the Company believes the gross unrealized losses are temporary. In determining that the decline in fair value of these securities was temporary, the Company considered the length of time each security was in an unrealized loss position and the extent to which the fair value was less than cost. The aggregate fair value and unrealized loss of available-for-sale securities which had been in a continuous loss position for more than 12 months was $0 as of September 30, 2013. In addition, the Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell these securities before the recovery of their amortized cost basis.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities recorded at fair value in the consolidated financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels that are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques and significant management judgment or estimation.

The following tables present the Company's financial instruments that were measured at fair value on a recurring basis as of September 30, 2013 and December 31, 2012 by level within the fair value hierarchy (in thousands):

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash equivalents	$ 8,231	$ 18,673	$ —	$ 26,904
Marketable securities	2,000	125,175	—	127,175
Total	$10,231	$143,848	$ —	$154,079
Financial Liabilities				
Derivative liability	$ —	$ —	$3,909	$ 3,909
Warrant liability	—	—	1,260	1,260
Total	$ —	$ —	$5,169	$ 5,169

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash equivalents	$25,781	$ 2,829	$ —	$ 28,610
Marketable securities	1,997	116,190	—	118,187
Total	$27,778	$119,019	$ —	$146,797
Financial Liability				
Warrant liability	$ —	$ —	$ 835	$ 835

The Company had no transactions measured at fair value on a nonrecurring basis as of September 30, 2013 and December 31, 2012.

Cash Equivalents and Marketable Securities – Cash equivalents and marketable securities classified within Level 2 of the fair value hierarchy are valued based on other observable inputs, including broker or dealer quotations or alternative pricing sources. When quoted prices in active markets for identical assets or liabilities are not available, the Company relies on non-binding quotes, which are based on proprietary valuation models of independent pricing services. These models generally use inputs such as observable market data, quoted market prices for similar instruments, historical pricing trends of a security as relative to its peers and internal assumptions of the independent pricing services. The Company corroborates the reasonableness of non-binding quotes received from the independent pricing services by comparing them to quotes of identical or similar instruments from other pricing sources. During the three and nine months ended September 30, 2013 and 2012, the Company did not record impairment charges related to its cash equivalents and marketable securities, and the Company did not have any transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

Derivative Liability – In January 2013, the Company issued the Notes, which contain an early conversion feature whereby the Note holders have the option of converting their Notes into shares of the Company's common stock prior to November 1, 2016. With respect to any conversion prior to November 1, 2016 (other than conversions in connection with certain fundamental changes), in addition to the shares deliverable upon conversion, holders are entitled to receive an early conversion payment equal to $83.33 per $1,000 principal amount of Notes surrendered for conversion that may be settled, at the Company's election, in cash or, subject to satisfaction of certain conditions, in shares of the Company's common stock. This early conversion feature has been identified as an embedded derivative, as described in ASC 815, *Derivatives and Hedging* . In accordance with ASC 815, *Derivatives and Hedging* , embedded derivatives are separated from the host contract, the Notes, and carried at fair value when: (a) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and (b) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument. The Company has concluded that the embedded derivative related to the early conversion feature of the Notes meets these criteria and, as such, must be valued separate and apart from the Notes and recorded at fair value at each reporting period. At each reporting period, the Company records this embedded derivative at fair value, which is included as a component of Convertible Debt on its condensed consolidated balance sheets. The fair value of the embedded derivative is trued up on a recurring basis as Note holders convert their Notes prior to November 1, 2016 and receive the early conversion payment.

The Company used a Monte Carlo simulation model to estimate the fair value of the embedded derivative related to the early conversion feature of the Notes. Within the model, the assumption was made that the Notes will be converted early if the conversion value is greater than the holding value. The model requires the following inputs: (i) price of the Company's common stock; (ii) conversion rate of 121.1240 shares of common stock per $1,000 in principal amount of Notes, subject to adjustment; (iii) conversion price of $8.26 per share of common stock, subject to adjustment; (iv) maturity date; (v) risk-free interest rate; and (vi) estimated stock volatility.

The following table sets forth the Level 3 inputs to the Monte Carlo simulation model that were used to determine the fair value of the embedded derivative:

	September 30, 2013	Issuance Date
Stock price	$ 10.79	$ 6.88
Conversion rate	121.1240	121.1240
Conversion price	$ 8.26	$ 8.26
Maturity date	November 1, 2016	November 1, 2016
Risk-free interest rate	1.14%	0.79%
Estimated stock volatility	50%	50%

Changes in certain inputs into the model can have a significant impact on changes in the estimated fair value of the embedded derivative. The following table sets forth the estimated fair value of the embedded derivative as of the issuance date and September 30, 2013 (in thousands):

	September 30, 2013	Issuance Date
Estimated fair value of the embedded derivative	$ 3,909	$ 3,124

The $0.8 million increase in the estimated fair value of the embedded derivative between the issue date and September 30, 2013 represents an unrealized loss of $2.4 million that has been recorded as loss from change in fair value of embedded derivative in the condensed consolidated statements of operations for the nine months ended September 30, 2013, net of fair value adjustments related to conversions made prior to November 1, 2016 of $1.6 million.

Warrant Liability – The valuation of the warrant liability above is discussed in Note 8.

The following table presents the change in fair values of the Company's Level 3 financial instruments that were measured on a recurring basis using significant unobservable inputs as of September 30, 2013 (in thousands):

Fair value at December 31, 2012	$ 835
Fair value of derivative liability recorded on measurement date	3,124
Change in fair value recorded as a loss from change in fair value of derivative liability	2,401
Adjustment to fair value of derivative liability related to early conversion of notes	(1,616)
Change in fair value recorded as a loss from change in fair value of warrant liability	425
Fair value at September 30, 2013	$ 5,169

The Company has estimated the fair value of its secured and unsecured debt obligations based upon discounted cash flows with Level 3 inputs, such as the terms that management believes would currently be available to the Company for similar issues of debt, taking into account the current credit risk of the Company and other factors. As of September 30, 2013 and December 31, 2012 the carrying values of the Company's secured and unsecured debt obligations, excluding the Notes, approximated their fair values. The Company has estimated the fair value of the Notes to be $113.2 million at September 30, 2013 based upon Level 2 inputs using the midmarket pricing convention (the midpoint price between bid and ask prices), as quoted by Bloomberg.

6. INVENTORIES

Inventories consisted of the following (in thousands):

	September 30, 2013	December 31, 2012
Raw materials	$ 1,155	$ 1,044
Work in process	5,818	4,963
Finished goods	1,509	883
Total inventories	$ 8,482	$ 6,890

7. PROPERTY, PLANT AND EQUIPMENT—NET

Property, plant and equipment—net consisted of the following (in thousands):

	September 30, 2013	December 31, 2012
Plant equipment	$ 22,485	$ 18,670
Building and improvements	5,478	5,478
Lab equipment	6,286	5,808
Leasehold improvements	2,673	2,665
Computer equipment and software	3,087	2,681
Furniture and fixtures	583	589
Land	430	430
Automobiles	49	49
Construction in progress	4,426	2,129
Total	45,497	38,499
Less: accumulated depreciation and amortization	(9,815)	(6,274)
Property, plant and equipment—net	$ 35,682	$ 32,225

Construction in progress as of September 30, 2013 related primarily to the Peoria and Clinton Facilities and other plant equipment not yet placed in service as of that date, and construction in progress as of December 31, 2012 related primarily to the Peoria manufacturing facility and plant equipment not yet placed in service as of that date.

Depreciation and amortization expense was $1.3 million and $3.6 million for the three and nine months ended September 30, 2013, respectively, and $1.0 million and $2.5 million for the three and nine months ended September 30, 2012, respectively.

In March 2011, the Company entered into an agreement to purchase a development and commercial production facility with multiple 128,000-liter fermenters, and an annual oil production capacity of over 2,000,000 liters (1,820 metric tons) located in Peoria, Illinois for $11.5 million. Concurrent with the purchase transaction, the Company sold back certain equipment to the seller for $0.3 million. This transaction closed in May 2011, and the Company paid for the aggregate purchase price with available cash and borrowed $5.5 million under a promissory note, mortgage and security agreement from the seller. See promissory note terms in Note 11. In March 2013, the Company paid in full the outstanding principal on this promissory note. The Company began initial fermentation operations in the facility in the fourth quarter of 2011 and commissioned its first integrated biorefinery in June 2012 under its DOE program. The fair value of the assets on the purchase date was $10.9 million, which was allocated to plant equipment, building and improvements and land based on their relative fair values. These assets are classified in the table above under plant equipment, building and improvements and land as of September 30, 2013 and December 31, 2012.

The Company capitalized $0.3 million of interest costs associated with plant equipment at its Peoria manufacturing facility for the three and nine months ended September 30, 2012.

8. INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS

Solazyme Bunge Joint Venture

In April 2012, the Company and Bunge entered into a Joint Venture Agreement forming a joint venture ("Solazyme Bunge JV") to build, own and operate a commercial-scale renewable tailored oils production facility (the "Plant") adjacent to Bunge's Moema sugarcane mill in Brazil. The Company expects this production facility to have annual production capacity of 100,000 metric tons of oil. Construction of the Plant commenced in the second quarter of 2012 and commissioning is underway, with expected first commercially saleable product in the first quarter of 2014. The Plant, which will leverage the Company's technology and Bunge's sugarcane milling and natural oil processing capabilities, will produce tailored triglyceride oils primarily for chemical applications. The Solazyme Bunge JV is 50.1% owned by the Company and 49.9% by Bunge and is governed by a four member board of directors, two from each investor. The capital contributions for this venture are being provided jointly by Solazyme and Bunge, and the agreement includes a value sharing mechanism that provides additional compensation to the Company for its technology contributions. The Company committed to make an initial capital contribution of up to $36.3 million in fiscal 2012 and, additional capital contributions of up to an additional $36.3 million beginning after December 31, 2012, primarily to fund the construction of the Plant. The Company and Bunge each contributed capital in the amount of $10.0 million, $5.5 million and $1.8 million, in July 2012, February 2013 and April 2013, respectively, to the Solazyme Bunge JV. The Company's capital contributions were recorded as an increase to investment in unconsolidated joint ventures and a corresponding decrease to cash and cash equivalents.

The Company has determined that the Solazyme Bunge JV is a VIE based on the insufficiency of each party's equity investment at risk to absorb losses and the Company's share of the respective expected losses of the Solazyme Bunge JV. Currently, the construction of the Plant is the activity of the Solazyme Bunge JV that most significantly impacts its economic performance. Although the Company has the obligation to absorb losses and the right to receive benefits of the Solazyme Bunge JV that could potentially be significant to the Solazyme Bunge JV, the Company and Bunge have equally shared decision–making powers over certain significant activities of the Solazyme Bunge JV, including those related to the construction of the plant. Therefore, the Company does not consider itself to be the Solazyme Bunge JV's primary beneficiary at this time, and as such has not consolidated the financial results of the Solazyme Bunge JV since the inception of this joint venture. The Company accounts for its interests in the Solazyme Bunge JV under the equity method of accounting. This consolidation status could change in the future due to changes in events and circumstances impacting the power to direct the activities that most significantly affect the Solazyme Bunge JV's economic performance. The Company will continue to reassess its potential designation as the primary beneficiary of the Solazyme Bunge JV. During the three and nine months ended September 30, 2013, the Company recognized $2.3 million and $4.1 million, respectively, of losses related to its equity method investment in the Solazyme Bunge JV. During the three and nine months ended September 30, 2012, the Company recognized $0.7 million and $1.2 million, respectively, of losses related to its equity method investment in the Solazyme Bunge JV.

In anticipation of the Solazyme Bunge JV's formation, in May 2011, the Company granted Bunge Limited a warrant ("the Bunge Warrant") to purchase 1,000,000 shares of its common stock at an exercise price of $13.50 per share. The Bunge Warrant vests (i) 25% on the date that Solazyme and Bunge enter into a joint venture agreement to construct and operate a commercial-scale renewable oil production facility; (ii) 50% upon the commencement of construction of the Plant; and (iii) 25% on the date upon which the aggregate output of triglyceride oil at the Plant reaches 1,000 metric tons. The number of warrant shares issuable is subject to adjustment for failure to achieve the performance milestones on a timely basis as well as certain changes to the capital structure of Solazyme Bunge JV and corporate transactions. The Bunge Warrant expires in May 2021.

The Company accounts for the Bunge Warrant pursuant to ASC 505-50, *Equity-Based Payments to Non-Employees* , which establishes that share-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued (whichever is more reliably measurable), and the measurement date of such instruments shall be the earlier of the date at which a commitment for performance by the counterparty is reached or the date at which the counterparty's performance is complete. A performance commitment is a commitment under which performance by the counterparty to earn the equity instruments is probable because of sufficiently large disincentives for nonperformance. The measurement date of the Bunge Warrant was April 2, 2012, the formation date of Solazyme Bunge JV, as it was determined that the future performance to earn the Bunge Warrant shares was probable.

On April 2, 2012, the Company recorded an investment in the Solazyme Bunge JV of $10.4 million, equal to the fair value of the Bunge Warrant, and recorded a corresponding $2.7 million of additional paid-in-capital for the vested Bunge Warrant shares and $7.7 million of warrant liability for the unvested Bunge Warrant shares as of that date. The fair value of the Bunge Warrant was determined using the Black-Scholes option pricing model. The warrant liability is remeasured to fair value at each balance sheet date and/or upon vesting, and the warrant liability is reclassified to additional-paid in capital upon vesting. On June 20, 2012, the second tranche of the Bunge Warrant shares vested, resulting in a reclassification of $4.6 million, which represented the fair value as of that date, to additional paid-in capital. The Company had a $1.3 million warrant liability associated with the unvested Bunge Warrant shares as of September 30, 2013. The fair value of the warrant liability as of September 30, 2013 was determined using the Black-Scholes option pricing model based upon the following assumptions: volatility of 50%, risk-free interest rate of 2.02%, exercise price

of $13.50 and an expected life of 7.59 years. The Company recorded a net unrealized gain related to the change in the fair value of the warrant liability of $0.2 million and a net unrealized loss of $0.4 million during the three and nine months ended September 30, 2013, respectively, and an unrealized gain of $0.7 million and $1.5 million during the three and nine months ended September 30, 2012, respectively. As of September 30, 2013, 750,000 of the Bunge Warrant shares had vested.

In addition to forming the Solazyme Bunge JV in April 2012, the Company entered into a Development Agreement with the Solazyme Bunge JV to continue to conduct research and development activities that are intended to benefit the Solazyme Bunge JV, including activities in the areas of strain development, molecular biology and process development. The Development Agreement provides that the Solazyme Bunge JV will pay the Company a technology maintenance fee in recognition of the Company's ongoing research investment in technology that would benefit the Solazyme Bunge JV. The Company also entered into a Technology Service Agreement with the Solazyme Bunge JV under which the Solazyme Bunge JV will pay the Company for technical services related to the operations of the production facility. In the third quarter of 2013, the Solazyme Bunge JV also agreed to pay the Company to support the Solazyme Bunge JV's commercial activities, including, but not limited to, facilitating supply agreements on behalf of the Solazyme Bunge JV and providing regulatory support.

In November 2012, the Company entered into a joint venture expansion framework agreement with Bunge. This framework agreement sets forth the intent of the partners to expand joint venture-owned oil production capacity from the current 100,000 metric tons under construction in Brazil to 300,000 metric tons by 2016 at select Bunge owned and operated processing facilities worldwide. The Company and Bunge also intend to expand the portfolio of oils to be produced out of the Solazyme Bunge JV facility in Brazil. The expanded field and portfolio of oils would include certain tailored food oils for sale in Brazil, where Bunge is the largest supplier of edible oils through several of its retail brands. The Company and Bunge intend to work together through joint market development to bring new, healthy and nutritious edible oils to the Brazilian market. In February 2013, the Solazyme Bunge JV entered into a loan agreement with the Brazilian Development Bank ("BNDES" or "BNDES Loan") under which it may borrow up to R$245.7 million (approximately USD $108.8 million based on the exchange rate as of September 30, 2013). As a condition of the Solazyme Bunge JV drawing funds under the loan, the Company is required to provide a bank guarantee equal to 14.39% of the total amount available under the BNDES Loan and a corporate guarantee equal to 35.71% of the total amount available under the BNDES Loan (an amount not to exceed the Company's ownership percentage in the Solazyme Bunge JV). The BNDES funding supports the construction of the Solazyme Bunge JV's first commercial-scale production facility in Brazil, which will reduce the capital requirements funded directly by the Company and Bunge. The term of the BNDES Loan is eight years and the loan has an average interest rate of approximately 4.0% per annum. As of September 30, 2013, the Company's bank guarantee was in place and the corporate guarantee was not in place. The fees incurred on the cancelable bank guarantee were not material during the three and nine months ended September 30, 2013.

The following table summarizes the carrying amounts of the assets and the fair value of the liabilities included in the Company's condensed consolidated balance sheet and the maximum loss exposure related to the Company's interest in its unconsolidated VIE (the Solazyme Bunge JV) as of September 30, 2013 (in thousands):

	Assets			Liabilities	
VIE	Accounts Receivable	Unbilled Revenues	Investments in Unconsolidated Joint Ventures	Loan Guarantee	Maximum Exposure to Loss (1)
Solazyme Bunge JV	$ 2,825	$ 1,826	$ 22,482	$ 0	$108,084

(1) Includes maximum exposure to loss attributable to the Company's cancelable bank guarantee required to be provided for the Solazyme Bunge JV of R$35.4 million (approximately $15.7 million based on the exchange rate at September 30, 2013) and non-cancellable purchase obligations of R$147.5 million (approximately $65.0 million based on the exchange rate at September 30, 2013).

The Company may be required to contribute additional capital to the VIE (for which the Company does not consider itself to be the primary beneficiary) in the future which would increase the Company's maximum exposure to loss. These future contribution amounts cannot be quantified at this time.

Solazyme Roquette Joint Venture

In November 2010, the Company entered into a joint venture agreement with Roquette. The purpose of the joint venture, Solazyme Roquette Nutritionals, LLC ("Solazyme Roquette Nutritionals" or the "Solazyme Roquette JV") was to engage in manufacturing, distribution, sales, marketing and support of products and services related to the use of microalgae to which the Company has not applied its targeted recombinant technology, in a fermentation production process to produce materials for use in the following fields: (i) human foods and beverages, (ii) animal feed and (iii) nutraceuticals. In June 2013, the Company and Roquette agreed to dissolve the Solazyme Roquette JV and on July 18, 2013, the Solazyme Roquette JV was dissolved.

After assessing the recoverability of the Solazyme Roquette JV amounts capitalized on the Company's balance sheet, the Company recorded charges to Loss From Equity Method Investments in its condensed consolidated statement of operations of $0.7 million for unrecoverable receivables due from the Solazyme Roquette JV, and $0.7 million for unrecoverable capital contributions made to the Solazyme Roquette JV during the nine months ended September 30, 2013.

The Company had determined that the Solazyme Roquette JV was a VIE based on the insufficiency of each party's equity investment at risk to absorb losses and the Company's share of the respective expected losses of the Solazyme Roquette JV. Prior to the Solazyme Roquette JV's dissolution, the Phase 1 plant operations and market development activities were the activities of the Solazyme Roquette JV that most significantly impacted its economic performance. The Company did not have the obligation to absorb the losses of the Solazyme Roquette JV that could potentially be significant to the Solazyme Roquette JV, and the Company and Roquette had equally shared decision-making powers over certain significant activities of the Solazyme Roquette JV. Therefore, the Company did not consider itself to be the Solazyme Roquette JV's primary beneficiary since inception of this joint venture and as such had never consolidated the financial results of the Solazyme Roquette JV. The Company accounted for its interests in the Solazyme Roquette JV under the equity method of accounting.

Related Party Transactions

The Company recognized revenues related to its research and development arrangements with its joint venture companies of $3.4 million and $5.1 million during the three and nine months ended September 30, 2013, respectively, and $0.8 million and $1.4 million during the three and nine months ended September 30, 2012, respectively. At September 30, 2013 and December 31, 2012, the Company had receivables of $2.8 million and $2.2 million, respectively, due from the joint venture companies. At September 30, 2013 and December 31, 2012, the Company had unbilled revenues of $1.8 million and $0.8 million, respectively, related to the joint venture companies.

9. ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	September 30, 2013	December 31, 2012
Accrued compensation and related liabilities	$ 7,173	$ 7,503
Accrued interest	939	—
Accrued professional fees	557	474
Other accrued liabilities	2,251	1,343
Total accrued liabilities	$ 10,920	$ 9,320

10. COLLABORATIVE RESEARCH AND DEVELOPMENT AGREEMENTS, GOVERNMENT PROGRAMS AND LICENSES

Chevron —The Company entered into multiple research and development agreements with Chevron over the research funding period of January 2009 through June 2012 to conduct research, develop, manufacture and sell licensed products related to algal technology in the fields of diesel fuel, lubes and additives and coproducts.

These agreements with Chevron contain multiple element arrangements and the Company evaluated and concluded that there were two deliverables, research and development activities and licenses, which are considered one unit of accounting. Revenues related to these services are recognized as research services are performed over the related performance period. The payments received are not refundable and are based on a contractual reimbursement of costs incurred.

Unilever —Effective November 2009, the Company entered into a collaborative research and development agreement with Conopco, Inc. (doing business as Unilever) to develop oil for use in soap and other products. The Company completed the research and development under this agreement in the year ended December 31, 2010. In the first quarter of 2011, the Company and Unilever agreed to extend their research and development agreement through June 30, 2011.

In October 2011, the Company entered into a joint development agreement with Unilever (the Company's fourth agreement with Unilever), which expanded its current research and development efforts. In September 2013, the Company and Unilever agreed to extend this joint development agreement through September 30, 2014.

Department of Defense —In September 2010, the Company entered into an agreement with the U.S. Department of Defense ("DoD") for research and development services to provide marine diesel fuel. This is a firm fixed price contract divided into two phases, with Phase 1 and Phase 2 fees of $5.6 million and $4.6 million, respectively. Phase 1 of the contract was completed in September 2011 when 75,000 gallons (283,906 liters) of fuel were delivered. In August 2011, the DoD exercised its option to pursue Phase 2 of the agreement, which called for the additional delivery of 75,000 gallons (283,906 liters) of marine diesel fuel.

The Company evaluated the multiple elements of both DoD agreements (Phase 1 and Phase 2) and concluded that the two deliverables (research and development activities and fuel) were one unit of accounting. Revenues related to these services are recognized as research services that are performed over the related performance period for each phase of the contract. The payments received as installments are not refundable and are based on a contractual reimbursement of costs incurred.

Phase 1 of the September 2010 DoD contract was completed in September 2011, and no revenues were recognized subsequent to this period.

With respect to Phase 2 of the September 2010 DoD contract, the Company recognized $0 of revenues in the three months ended September 30, 2013 and 2012, respectively, and $0 and $0.7 million of revenues in the nine months ended September 30, 2013 and 2012, respectively. The Company had no unbilled revenue and deferred revenue balances related to Phase 2 of the agreement as of September 30, 2013 and December 31, 2012.

Department of Energy —In December 2009, the U.S. Department of Energy ("DOE") awarded the Company approximately $21.8 million to partially fund the construction, operation, and optimization of an integrated biorefinery. The project term is January 2010 through March 2014. The payments received are not refundable and are based on a contractual reimbursement of costs incurred. During the three months ended September 30, 2013 and 2012, the Company recognized revenues of $0 and $2.4 million, respectively. During the nine months ended September 30, 2013 and 2012, the Company recognized revenues of $0 and $8.3 million, respectively. The Company had no deferred revenue balance related to this award as of September 30, 2013 and December 31, 2012. Unbilled revenues related to this award were $0 and $2.1 million as of September 30, 2013 and December 31, 2012, respectively.

Dynamic Fuels —In November 2011, Dynamic Fuels, LLC ("Dynamic") was awarded a contract to supply the US Navy with 450,000 gallons (1,703,000 liters) of renewable fuels. The contract involves supplying the US Navy with 100,000 gallons (379,000 liters) of jet fuel (Hydro-treated Renewable JP-5 and HRJ-5) and 350,000 gallons (1,325,000 liters) of marine distillate fuel (Hydro-treated Renewable F-76 and HRD-76). The Company was named a subcontractor and entered into a subcontractor agreement effective as of January 2012 to supply Dynamic with algal oil to fulfill Dynamic's contract with the US Navy to deliver fuel by May 2012. The Company delivered its commitment of algal oil pursuant to this subcontract in February 2012. The fuel was used by the US Navy in July 2012, as part of its efforts to demonstrate a Green Strike Group composed of vessels and ships powered by biofuels.

Algenist ® Distribution Partners —The Company entered into an exclusive distribution contract with Sephora S.A. (Sephora EMEA) in December 2010 to distribute the Algenist ® product line in Sephora stores in certain countries in Europe and select countries in the Middle East and Asia. In January 2011, the Company also entered into a distribution arrangement with Sephora USA, Inc. (Sephora Americas) to sell the Algenist ® product line in the United States. Under both arrangements, the Company pays the majority of the costs associated with marketing the products, although both Sephora EMEA and Sephora Americas contribute in the areas of public relations, training and marketing to support the brand. Sephora EMEA creates the marketing material, but the Company has an approval right over the materials and ultimately the Company has control over the marketing budget. With Sephora Americas, the Company is responsible for creating certain marketing and training materials. The Company is obligated to fund minimum marketing expenditures under the agreement with Sephora EMEA. The Company has also granted a license to Sephora Americas and Sephora EMEA to use the Algenist ® trademarks and logos to advertise and promote the product line. In March 2011, the Company entered into an agreement with QVC, Inc. ("QVC") and launched the sale of its Algenist ® product line through QVC's multimedia platform.

Dow —In February 2011, the Company entered into a joint development agreement with The Dow Chemical Company ("Dow") to jointly develop microalgae-based oils for use in dielectric insulating fluids. This initial research program was completed in September 30, 2011. In March 2012, the Company and Dow entered into a Phase 2 Joint Development Agreement (Phase 2 JDA), an extension of the original exclusive joint development agreement related to dielectric insulating fluids.

Bunge —In May 2011, the Company entered into a joint development agreement ("JDA") with Bunge, a global agribusiness and food company, that extended through May 2013. In September 2013, the Company and Bunge agreed to extend the JDA, effective from May 2013 through September 2014. Pursuant to the JDA, the Company and Bunge will jointly develop microbe-derived oils, and explore the production of such oils from Brazilian sugarcane feedstock. The JDA also provides for Bunge to provide research funding to the Company through September 2014, payable quarterly in advance throughout the research term. The Company accounts for the

JDA as an obligation to perform research and development services for others in accordance with ASC 730-20, *Research and Development Arrangements* , and records the payments for the performance of these services as revenue in its consolidated statement of operations. The Company recognizes revenue on the JDA based on proportionate performance of actual efforts to date relative to the amount of expected effort incurred. The cumulative amount of revenue recognized under the JDA is limited by the amounts the Company is contractually obligated to receive as cash reimbursements.

In April 2012, the Company and Bunge entered into a Joint Venture Agreement forming a joint venture to build, own and operate a commercial-scale renewable tailored oils production facility adjacent to Bunge's Moema sugarcane mill in Brazil (see Note 8).

ADM —In November 2012, the Company and ADM entered into a Strategic Collaboration Agreement (the "Collaboration Agreement"), establishing a collaboration for the production of tailored triglyceride oil products at the ADM fermentation facility in Clinton, Iowa (the "Clinton Facility"). The Clinton Facility will produce tailored triglyceride oil products using the Company's proprietary microbe-based catalysis technology. Feedstock for the facility will be provided from ADM's adjacent wet mill. Under the terms of the Collaboration Agreement, the Company will pay ADM annual fees for use and operation of a portion of the Clinton Facility, a portion of which may be paid in Company common stock. In March 2013, the Company issued a series of warrants to ADM for payment in stock, in lieu of cash, at its election, of future annual fees for use and operation of a portion of the Clinton facility. The Company currently anticipates that commercial production at the Clinton Facility will begin by early 2014. Downstream processing of products produced at the Clinton Facility is being done at a facility in Galva, Iowa (Galva Facility) operated by a wholly owned subsidiary of American Natural Processors, Inc. The initial target nameplate capacity of the Clinton Facility is expected to be 20,000 metric tons per year of tailored triglyceride oil products. Solazyme has an option to expand the capacity to 40,000 metric tons per year with the goal to further expand production to 100,000 metric tons per year. The parties are also working together to develop markets for the products produced at the Clinton Facility.

In January 2013, the Company granted to ADM a warrant ("ADM Warrant") to purchase 500,000 shares of the Company's common stock, which vests in equal monthly installments over five years, commencing in November 2013. In addition, the Company shall grant to ADM a warrant ("ADM Extension Warrant") covering an additional 500,000 shares of the Company's common stock upon the extension of the Collaboration Agreement for each further five year term, which shall vest in equal monthly installments over the applicable five year extension term. The measurement date of the ADM Warrant was established in July 2013 when the Company agreed that vesting of the ADM Warrant would commence in November 2013; therefore, it was determined that the future performance to earn the ADM Warrant shares was probable. The Company recognizes on a straight-line basis, the fair value of the ADM Warrant to rent expense beginning on the measurement date and over the lease term.

During the three and nine months ended September 30, 2013, the Company recorded rent expense related to the ADM Warrant of $30,000, equal to the estimated fair value of the ADM Warrant amortized over the lease term since the measurement date. The estimated fair value of the ADM Warrant was determined using the Black-Scholes option pricing model based upon the following assumptions: volatility of 60%, risk-free interest rate of 1.36%, exercise price of $7.17, and an expected remaining life of 5.5 years. As of September 30, 2013, none of the ADM Warrant shares had vested.

Mitsui— In February 2013, the Company entered into a $20.0 million multi-year agreement with Mitsui & Co., Ltd. ("Mitsui") to jointly develop a suite of triglyceride oils for use primarily in the oleochemical industry. Product development is expected to span a multi-year period, with periodic product introductions throughout the term of the joint development alliance. End use application may include renewable, high-performance polymer additives for plastic applications, aviation lubricants and toiletry and household products. Milestones within the Mitsui joint development agreement that are determined to be substantive and at risk at the inception of the arrangement are recognized as revenue upon achievement of the milestone, and are limited to those amounts for which collectability is reasonably assured. If these conditions are not met, the milestone payments are deferred and recognized as revenue over the estimated period of performance under the contract as completion of performance obligations occur.

11. DEBT

A summary of the Company's debt as of September 30, 2013 and December 31, 2012 is as follows (in thousands):

	September 30, 2013	December 31, 2012	Maturity Date
Secured and unsecured debt			
Equipment note	$ 85	$ 129	January 2015
Silicon Valley Bank term loan	—	11,233	March 2013
Peoria facility note	—	3,606	February 2013
HSBC facility	10,369	—	March 2015
Total secured and unsecured debt	10,454	14,968	
Convertible senior subordinated notes	81,779	—	February 2018
Total debt	92,233	14,968	
Add:			
Fair value of embedded derivative	3,909	—	
Less:			
Unamortized debt discount	(4,848)	—	
Current portion of debt	(63)	(7,331)	
Long-term portion of debt	$ 91,231	$ 7,637	

Total interest costs incurred related to the Company's total debt was $1.3 million and $4.8 million for the three and nine months ended September 30, 2013, respectively, and $0.2 million and $0.6 million for the three and nine months ended September 30, 2012, respectively. Total interest costs capitalized during the three and nine months ended September 30, 2013 was $0.2 million and $0.8 million, respectively, related to the Company's investment in the Solazyme Bunge JV, accounted for under the equity method, which has activities in progress necessary to commence its planned principal operations. The Company was in compliance with all debt covenants as of September 30, 2013 and December 31, 2012.

Equipment Note —In June 2010, the Company entered into a secured promissory note agreement with the lessor of its headquarters under which $265,000 was borrowed to purchase equipment owned by the lessor. The loan is payable in monthly installments of principal and interest with final payment due in January 2015. Interest accrues at 9.0% and the promissory note is collateralized by the purchased equipment.

Silicon Valley Bank Term Loan —On May 11, 2011, the Company entered into a loan and security agreement with Silicon Valley Bank ("SVB") that provided for a $20.0 million credit facility (the "SVB facility") consisting of (i) a $15.0 million term loan (the "SVB term loan") that was eligible to be borrowed in one or more increments prior to November 30, 2011 and (ii) a $5.0 million revolving facility (the "SVB revolving facility"). On May 11, 2011, the Company borrowed $15.0 million under the SVB facility. As of December 31, 2012, $11.2 million was outstanding under the SVB facility. On March 26, 2013, the SVB facility was terminated when the Company paid in full the outstanding principal and interest on this term loan using proceeds from the revolving facility with HSBC, USA, National Association, described in " ***HSBC Facility*** " below.

Peoria Facility Note —In March 2011, the Company entered into an agreement to purchase a development and commercial production facility with multiple 128,000-liter fermenters, and an annual oil production capacity of over 2,000,000 liters (1,820 metric tons) located in Peoria, Illinois for $11.5 million. This transaction closed in May 2011, and the Company paid for the aggregate purchase price with available cash and borrowed $5.5 million under a promissory note, mortgage and security agreement from the seller. The Company began initial fermentation operations in the facility in the fourth quarter of 2011 and commissioned its first integrated biorefinery in June 2012 under its DOE program. The principal is payable in two lump sum payments, the first of which was paid in March 2012 and the second payment was made in February 2013. The note is interest-free and secured by the real and personal property acquired from the seller. The assets acquired and the related note payable were recorded based upon the present value of the future payments assuming an imputed interest rate of 3.25%, resulting in a discount of $0.3 million. The $0.3 million loan discount was recognized as interest expense over the loan term utilizing the effective interest method.

Convertible Senior Subordinated Notes —On January 24, 2013 the Company issued $125.0 million aggregate principal amount of Notes, which amount includes the exercise in full of the over-allotment option granted to the initial purchaser of the Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Notes bear interest at a fixed rate of 6.00% per year, payable semiannually in arrears on August 1 and February 1 of each year, beginning on August 1, 2013. The Notes are convertible into the Company's common stock and may be settled as described below. The Notes will mature on February 1, 2018, unless earlier repurchased or converted. The Company may not redeem the Notes prior to maturity.

The net proceeds from the Note offering were approximately $119.3 million, after deducting discounts to the initial purchaser of $5.3 million and debt issue costs of $0.4 million. Debt discounts incurred with the issuance of the Notes are recorded on the condensed consolidated balance sheets as a reduction to the associated Note balance. The Company amortizes the debt discounts to interest expense over the contractual or expected term of the Note using the effective interest method. Debt issuance costs were recorded in other long-term assets and are being amortized to interest expense over the contractual or expected term of the Notes using the effective interest method. The Company is currently using the net proceeds of the offering to fund project related costs and capital expenditures and for general corporate purposes.

The Notes are convertible at the option of the holders at any time prior to the close of business on the scheduled trading day immediately preceding February 1, 2018 into shares of the Company's common stock at the then-applicable conversion rate. The conversion rate is initially 121.1240 shares of common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $8.26 per share of common stock). With respect to any conversion prior to November 1, 2016 (other than conversions in connection with certain fundamental changes where the Company may be required to increase the conversion rate as described below), in addition to the shares deliverable upon conversion, holders are entitled to receive an early conversion payment equal to $83.33 per $1,000 principal amount of Notes surrendered for conversion that may be settled, at the Company's election, in cash or, subject to satisfaction of certain conditions, in shares of the Company's common stock. As of September 30, 2013, $43.2 million of the Notes had been converted into the Company's common stock and were reclassified from long-term debt to stockholders' equity in the condensed consolidated balance sheets. The Company settled the early conversion payments in shares of the Company's common stock. The Company issued 5,541,597 shares of its common stock upon early conversions of the Notes during the three and nine months ended September 30, 2013.

The Company issued the Notes pursuant to an indenture dated as of January 24, 2013 (the "indenture") by and between the Company and Wells Fargo Bank, National Association, as trustee. The indenture provides for customary events of default, including cross acceleration to certain other indebtedness of the Company and its significant subsidiaries.

If the Company undergoes a fundamental change, holders may require the Company to repurchase for cash all or part of their Notes at a purchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if certain fundamental changes occur, the Company may be required in certain circumstances to increase the conversion rate for any Notes converted in connection with such fundamental changes by a specified number of shares of its common stock.

The Company evaluated the embedded derivative resulting from the early conversion payment feature within the indenture for bifurcation from the Notes. The early conversion feature was not deemed clearly and closely related to the Notes and was bifurcated as an embedded derivative. The Company recorded this embedded derivative (derivative liability) at fair value, which is included as a component of Convertible Debt on its condensed consolidated balance sheets with a corresponding debt discount that is netted against the principal amount of the Notes. The derivative liability is remeasured to fair value at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value of the derivative liability being recorded in other income and loss. The Company determined the fair value of the embedded derivative using a Monte Carlo simulation model. See Note 5.

The Notes are the general unsecured obligations of the Company and will be subordinated in right of payment to its Senior Debt. The convertible notes will effectively rank junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness and be structurally junior to all indebtedness and other liabilities of the Company's subsidiaries, including trade payables.

HSBC Facility —In March 2013, the Company entered into a loan and security agreement with HSBC Bank, USA, National Association ("HSBC") that provides for a $30.0 million revolving facility (the "HSBC facility") for working capital, letters of credit denominated in U.S. dollars or a foreign currency and other general corporate purposes, and in May 2013 the Company entered into an amendment to the HSBC facility, increasing the HSBC facility amount to $35.0 million. On March 26, 2013, the Company drew down approximately $10.4 million under the HSBC facility to repay all outstanding loans plus accrued interest under the SVB facility (as defined above). The Company incurred debt issuance costs of approximately $0.2 million related to this draw down, that was recorded in other long-term assets and is being amortized to interest expense using the effective interest method over the contractual term of the loan. As of September 30, 2013, $10.4 million was outstanding under the HSBC facility. A portion of the HSBC facility also supports the bank guarantee issued to BNDES in May 2013 (see Note 8). Therefore, $8.8 million of the HSBC facility remained available as of September 30, 2013.

The HSBC facility is unsecured unless (i) the Company takes action that could cause or permit obligations under the HSBC facility not to constitute Senior Debt (as defined in the indenture), (ii) the Company breaches financial covenants that require the Company and its subsidiaries to maintain cash and unrestricted cash equivalents at all times of not less than $35.0 million plus one hundred ten percent of the aggregate dollar equivalent amount of outstanding advances and letters of credit under the HSBC facility, or (iii) there is a payment default under the facility or bankruptcy or insolvency events relating to the Company.

Advances under the HSBC facility will bear interest at a variable interest rate based on, at the Company's option at the time an advance is requested, either (i) the Base Rate (as defined in the Facility) plus the applicable Base Rate Margin (as defined in the HSBC facility), or (ii) the Eurodollar Rate (as defined in the HSBC facility) plus the applicable Eurodollar Rate Margin (as defined in the HSBC facility). The Company will pay HSBC an annual fee of two and one-half percent (2.50%) per annum with respect to letters of credit issued. Upon an event of default, outstanding obligations under the HSBC facility will bear interest at a rate of two percent (2.00%) per annum above the rates described in (i) and (ii) above. The interest rate for total debt outstanding under the HSBC facility was 2.8% as of September 30, 2013. The maturity date of the facility is March 26, 2015. If on the maturity date (or earlier termination date of the HSBC facility), there are any outstanding letters of credit, the Company will be required to provide HSBC with cash collateral in the amount of (i) for letters of credit denominated in U.S. dollars, up to one hundred five percent (105%), and (ii) for letters of credit denominated in a foreign currency, up to one hundred ten percent (110%), of the dollar equivalent of the face amount of all such letters of credit plus all interest, fees and costs.

In addition to the financial covenants and covenants related to the indenture referenced above, the Company is subject to customary affirmative and negative covenants and events of default under the HSBC facility including certain restrictions on borrowing. If an event of default occurs and continues, HSBC may declare all outstanding obligations under the HSBC facility immediately due and payable, with all obligations being immediately due and payable without any action by HSBC upon the occurrence of certain events of default or if the Company becomes insolvent.

12. COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Company records rent expense under its lease agreements on a straight-line basis. Differences between actual lease payments and rent expense recognized under these subleases results in a net deferred rent asset or a net deferred rent liability at each reporting period. The Company had a net deferred rent liability of $0.2 million as of September 30, 2013 and $0.7 million as of December 31, 2012.

The Company currently leases 96,000 square feet of office and laboratory space located in two buildings on adjacent properties in South San Francisco ("SSF"), California. The term of the lease will end in February 2015.

The Company also leases office and laboratory space in Brazil. The term of the lease is five years, and the lease commenced on April 1, 2011 and expires on April 1, 2016. The rent is 29,500 *Brazilian Real* per month and is subject to an annual inflation adjustment. The Company pays its proportionate share of operating expenses. The Company may cancel this lease agreement at any time, but would be subject to paying the lessor the maximum of a three month rent penalty. Effective April 2012, the rent increased from 29,500 *Brazilian Real* per month to 30,500 *Brazilian Real* (approximately $13,500 based on the exchange rate at September 30, 2013) per month as a result of the annual inflation adjustment.

The Company entered into an auto lease agreement in February 2012. This lease agreement contains an early cancellation penalty equal to 50% of the remaining lease value. The remaining lease value as of September 30, 2013 was 228,000 *Brazilian Real* (approximately $101,000 based on the exchange rate at September 30, 2013).

The Company entered into a Strategic Collaborative Agreement with ADM in November 2012 (See Note 10). The Company will pay ADM annual fees for the use and operation of a portion of the Clinton Facility, a portion which may be paid in the Company's common stock. In January 2013 and November 2013, the Company made the first and second payments to ADM in both cash and by issuing 347,483 shares and 423,278 shares, respectively, of its common stock, which was or will be recorded to deferred rent and equity. The common stock and cash payments under the Strategic Collaboration Agreement are accounted for as an operating lease. In January 2013, the Company granted to ADM a warrant ("ADM Warrant") to purchase 500,000 shares of the Company's common stock, which vests in equal monthly installments over five years, commencing in November 2013. In addition, the Company shall grant to ADM a warrant ("ADM Extension Warrant") covering an additional 500,000 shares of the Company's common stock upon the extension of the Collaboration Agreement for each further five year term, which shall vest in equal monthly installments over the applicable five year extension term. The exercise price of the ADM Warrant is $7.17 per share and expires in January 2019. In July 2013, the measurement date for the ADM Warrant was established (See Note 10).

Rent expense was $2.1 million and $4.5 million for the three and nine months ended September 30, 2013, respectively, and $0.7 million and $2.1 million for the three and nine months ended September 30, 2012, respectively.

Contractual Obligations —As of September 30, 2013 the Company had non-cancelable purchase obligations of $3.7 million.

The Company has various manufacturing, research, and other contracts with vendors in the conduct of the normal course of its business. All contracts are terminable with varying provisions regarding termination. If a contract with a specific vendor were to be terminated, the Company would only be obligated for the products or services that the Company had received at the time the termination became effective.

Guarantees and Indemnifications —The Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. The Company, as permitted under Delaware law and in accordance with its amended and restated certificate of incorporation and amended and restated bylaws, indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at the Company's request in such capacity. The duration of these indemnifications, commitments, and guarantees varies and, in certain cases, is indefinite. The maximum amount of potential future indemnification is unlimited; however, the Company has a director and officer insurance policy that may enable it to recover all or a portion of any future amounts paid. The Company believes the fair value of these indemnification agreements is minimal. The Company has not recorded any liability for these indemnities in the accompanying consolidated balance sheets. However, the Company accrues for losses for any known contingent liability, including those that may arise from indemnification provisions, when future payment is probable. No such losses have been recorded to date.

In November 2011, the Company agreed to guarantee repayment of a portion, up to a maximum amount, of 50% of the aggregate draw-downs from the Roquette Loan, if and when drawn down, including a portion of the associated fees, interest and expenses (Note 8). The Solazyme Roquette JV never drew down on the Roquette Loan prior to the Solazyme Roquette JV's dissolution, and therefore the Company did not record any liability for this guarantee in the accompanying condensed consolidated balance sheets.

In February 2013, the Solazyme Bunge JV entered a loan agreement with BNDES under which it may borrow up to R$245.7 million (approximately USD $108.8 million based on the exchange rate as of September 30, 2013) which will support the production facility in Brazil, including a portion of the construction costs of the facility. As a condition of the Solazyme Bunge JV drawing funds under the BNDES Loan, the Company is required to provide a bank guarantee and a corporate guarantee for a portion of the BNDES Loan (in an amount not to exceed its ownership percentage in the Solazyme Bunge JV). As of September 30, 2013 the bank guarantee was in place and the corporate guarantee was not. See also Note 8.

Other Matters —The Company may be involved, from time to time, in legal proceedings and claims arising in the ordinary course of its business. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. The Company accrues amounts, to the extent they can be reasonably estimated, that it believes are adequate to address any liabilities related to legal proceedings and other loss contingencies that the Company believes will result in a probable loss that is reasonably estimable. As of September 30, 2013, the Company was not involved in any material legal proceedings. While there can be no assurances as to the ultimate outcome of any legal proceeding or other loss contingencies involving the Company, management does not believe any pending matters will be resolved in a manner that would have a material effect on the Company's consolidated financial position, results of operations or cash flows.

13. STOCK-BASED COMPENSATION PLANS

The Company's stock-based compensation plans include the Second Amended and Restated Equity Incentive Plan (the "2004 EIP"), the 2011 Equity Incentive Plan (the "2011 EIP") and the Employee Stock Purchase Plan (the "2011 ESPP"). On May 25, 2011, in conjunction with the Company's initial public offering, the 2004 EIP terminated so that no further awards may be granted under the 2004 EIP. Although the 2004 EIP terminated, all outstanding awards will continue to be governed by their existing terms. The plans are administered by the Board of Directors, which selects persons to receive awards and determines the number of shares subject to each award and the terms, conditions, performance measures and other provisions of the award. The Board of Directors has delegated certain authority to the Compensation Committee with respect to administration of the plans. See Note 14 to the Company's Consolidated Financial Statements, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, for additional information related to these stock-based compensation plans.

The following table summarizes the components and classification of share-based compensation expense related to stock options, restricted stock units and awards ("RSUs" and "RSAs"), performance-based restricted stock units ("PSUs") and the 2011 ESPP for the three and nine months ended September 30, 2013 and 2012 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Stock options	$ 3,073	$ 3,187	$ 9,601	$ 9,411
RSUs/RSAs	1,728	446	4,114	1,248
PSUs	264	102	334	649
ESPP	166	8	403	250
Stock-based compensation expense	$ 5,231	$ 3,743	$14,452	$11,558
Research and development	$ 1,544	$ 1,001	$ 4,111	$ 2,939
Sales, general and administrative	3,687	2,742	10,341	8,619
Stock-based compensation expense	$ 5,231	$ 3,743	$14,452	$11,558

Common Stock Subject to Repurchase —The Company allows employees and non-employees to exercise options prior to vesting. The Company has the right, but not the obligation, to repurchase any unvested (but issued) common shares upon termination of employment or service at the original purchase price per share. The consideration received for an exercise of an option is considered to be a deposit of the exercise price and the related dollar amount is recorded as a liability. The unvested shares and liability are reclassified to equity on a ratable basis as the award vests. There were 8,623 and 34,832 shares of common stock subject to repurchase as of September 30, 2013 and December 31, 2012, respectively. The Company's liability related to common stock subject to repurchase was $13,000 and $39,000 as of September 30, 2013 and December 31, 2012, respectively, and was recorded in other liabilities in the condensed consolidated balance sheets.

Common Stock Warrants

In May 2011, the Company granted Bunge Limited a warrant to purchase 1,000,000 shares of the Company's common stock at an exercise price of $13.50 per share. As of September 30, 2013, 750,000 of the warrant shares had vested. Refer to Note 8 and Note 10 for a description of the vesting terms and a discussion of the accounting for the warrant.

In January 2013, the Company granted ADM a warrant to purchase 500,000 shares of the Company's common stock at an exercise price of $7.17 per share. The warrant vests in equal monthly installments over five years, commencing in November 2013. The warrant expires in January 2019. In addition, in March 2013 the Company issued a series of warrants to ADM for payment in stock, in lieu of cash, at its election, of future annual fees for use and operation of the Clinton facility. In November 2013, the Company issued 423,278 shares of its common stock to ADM upon the exercise by ADM of one of the series of warrants to receive a payment in cash, stock or combination thereof, for the use and operation of a portion of the Clinton Facility. See Note 10 and Note 12.

Performance-Based Restricted Stock Units —The Company granted 100,000 performance-based restricted stock units ("PSUs") to an employee in the year ended December 31, 2012, the vesting of which is contingent upon the achievement of pre-determined performance-based milestones. If the performance-based milestones are not met, the restricted stock units will not vest, in which case, any stock-based compensation expense recognized to date will be reversed.

14. EMPLOYEE BENEFIT PLAN

In January 2007, the Company adopted a 401(k) plan for its employees whereby eligible employees may contribute up to 90% of their compensation, on a pretax basis, subject to the maximum amount permitted by the Internal Revenue Code. The Company has not contributed to, nor is it required to contribute to, the 401(k) plan since its inception.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

The following discussion and analysis should be read together with our condensed consolidated financial statements and the other financial information appearing elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations and involves risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential" or "continue" or the negative of these terms or other comparable terminology. For example, statements regarding our expectations as to future financial and operating performance, future selling prices and margins for our products, attributes and performance of our products, manufacturing capacity, expense levels and liquidity sources are forward-looking statements. Our actual results and the timing of events may differ materially from those discussed in our forward-looking statements as a result of various factors, including those discussed below, those discussed in the section entitled "Risk Factors" included in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission (SEC).

Overview

We make oils. Our proprietary technology transforms a range of plant-based sugars into high-value oils and innovative microalgal food ingredients. Our renewable products can replace or enhance oils derived from the world's three existing sources—petroleum, plants and animal fats. We are also able to tailor the composition of our oils to address specific customer requirements, offering superior performance characteristics and additional value. Our oils can address the major markets served by conventional oils, which represented an opportunity of over $3 trillion in 2011. Initially, we are commercializing our products into three target markets: (1) chemicals and fuels, (2) nutrition and (3) skin and personal care.

We create oils that mirror or enhance the chemical composition of conventional oils used today. Until now, the physical and chemical characteristics of conventional oils have been dictated by oils found in nature or blends derived from them. We have created a new paradigm that enables us to design and produce novel tailored oils that cannot be achieved through blending of existing oils alone. These tailored oils offer enhanced value as compared to conventional oils. For example, our tailored, renewable oils can enable our customers to enhance product performance, reduce processing costs and/or enhance their products' sustainability profile. Our oils are drop-in replacements such that they are compatible with existing production, refining, finishing and distribution infrastructure in all of our target markets.

We have pioneered an industrial biotechnology platform that harnesses the prolific oil-producing capability of microalgae. Our technology allows us to optimize oil profiles with different carbon chain lengths, saturation levels and functional groups to modify important characteristics. We use standard industrial fermentation equipment to efficiently scale and accelerate microalgae's natural oil production time to a few days. By feeding plant sugars to our proprietary oil-producing microalgae in dark fermentation tanks, we are in effect utilizing "indirect photosynthesis," in contrast to traditional open-pond approaches. Our platform is feedstock flexible and can utilize a wide variety of renewable plant-based sugars, such as sugarcane-based sucrose, corn-based dextrose, and sugar from other sustainable biomass sources including cellulosics, which we believe will represent an important alternative feedstock in the longer term. Furthermore, our platform allows us to produce and sell specialty bioproducts from the protein, fiber and other compounds produced by microalgae.

We expect our products to generate attractive margins in our target markets. We anticipate that the average selling prices of our products will capture the enhanced value of our tailored oils. Based on the technology milestones we have demonstrated, we believe the conversion cost profile we have achieved to date will, when implemented at scale, enable us to profitably engage in our target markets when implemented at full-scale.

We have scaled up our technology platform and have successfully operated at lab (3-15 liter), pilot (600-1,000 liter), demonstration (20,000 liter) and commercial (approximately 500,000 liter) fermenter scale. Our achievement of the following milestones demonstrates the ongoing development of our platform:

- The establishment of our pilot plant in South San Francisco, with recovery operations capable of handling material from both 600 and 1,000 liter fermenters, has enabled us to produce samples of our tailored oils for testing and optimization by our partners, as well as to test new process conditions at an intermediate scale.
- Since 2007, the operation of our fermentation process in commercial-sized standard industrial fermentation equipment (75,000 liter) accessed through manufacturing partners.
- Since 2009, the operation of downstream processing equipment at facilities in Iowa and Kentucky where we use commercially-sized, standard plant oil recovery equipment to recover the oil at low cost and high volume.

- In 2012, the successful commissioning of our first fully integrated bio-refinery (IBR) in Peoria, Illinois (Peoria Facility), to produce algal oils. The IBR was partially funded with a federal grant that we received from the U.S. Department of Energy (DOE) to demonstrate integrated commercial-scale production of renewable algal-based fuels. The plant has a nameplate capacity of two million liters of oil annually and provides an important platform for continued work on feedstock flexibility. In 2012, we began commercial fermentation of our Alguronic Acid production at the Peoria Facility and we transferred a significant amount of our fermentation production of Alguronic Acid from contract manufacturers to the Peoria Facility. In the second half of 2013 the plant was modified to address our production requirements for sampling and market development needs for both whole algal flour and whole algal protein products.
- In April 2012, our entrance into a Joint Venture Agreement with Bunge Global Innovation, LLC and certain of its affiliates (collectively, Bunge), one of the largest sugarcane processing companies in Brazil, establishing a joint venture (Solazyme Bunge JV) to construct and operate an oil production facility adjacent to Bunge's sugarcane mill in Moema, Brazil, with an annual expected name plate capacity of 100,000 metric tons. The construction of the Solazyme Bunge JV's production facility began in the second quarter of 2012 and commissioning is underway, with expected first commercially saleable product in the first quarter of 2014.
- In November 2012, our execution of a strategic collaboration agreement with Archer-Daniels-Midland Company (ADM) to produce tailored triglyceride oil products at ADM's facility in Clinton, Iowa (the Clinton Facility). The initial target nameplate capacity of the facility is expected to be 20,000 metric tons per year of tailored triglyceride oil products. We have an option to expand the capacity to 40,000 metric tons per year with the goal to further expand production to 100,000 metric tons per year. We and ADM will also work together to develop markets for products produced at the Clinton Facility. Starting in the third quarter of 2013, downstream processing of biomass produced at the Clinton facility is being done at a facility in Galva, Iowa (Galva Facility) operated by a wholly owned subsidiary of American Natural Processors, Inc.
- In 2012 and 2013, we successfully completed fermentations of multiple oil-producing algal strains at the Clinton Facility. In these fermentation runs, we achieved commercial scale production metrics, exhibited linear scalability of our process from laboratory scale, and demonstrated the ability to run at this scale without contamination. The fermentation runs were conducted in approximately 500,000-liter vessels, which are about four times the scale of the vessels at our Peoria Facility. We expect that commercial products will be available from the Clinton and Galva Facilities by early 2014.

To date, our revenues have been generated from research and development programs and commercial sale of our skin and personal care products. Our research and development programs have been conducted primarily under key agreements with government agencies and commercial partners and starting in 2013 we have executed definitive commercial supply agreements with commercial partners, such as our supply agreement with Unilever. We have developed a portfolio of innovative skin care products based on our proprietary active ingredient, Alguronic Acid ®. These products have been available internationally in the luxury market since March 2011 and are currently sold to consumers online and via distribution arrangements with Sephora, QVC Inc., Space NK and others. These arrangements provide marketing support and access to more than 1,350 retail stores worldwide. We expect to continue expanding distribution through the end of 2013. In November 2013, we launched EverDeep ™, a new anti-aging skincare line that is distributed directly to consumers targeted through direct response infomercials via television broadcasts and the Internet.

Our total revenues have increased in each of the last three fiscal years, growing from $38.0 million in 2010, to $39.0 million in 2011 to $44.1 million in 2012. In the nine months ended September 30, 2013, our revenues were $28.5 million compared to $35.7 million in the nine months ended September 30, 2012. Our revenues from development agreements with strategic partners decreased due to timing of agreements that ended and new agreements entered into with strategic partners. In general, we expect that our R&D program revenues will continue as work with our strategic partners under our existing and new R&D agreements enables important market development activities. In the near term, we expect government program revenues to decrease substantially compared to prior periods. We expect a larger percentage of our total revenues to be generated from product sales as we scale up our manufacturing capacity.

We incurred net losses of $16.4 million, $54.0 million and $83.1 million in 2010, 2011 and 2012, respectively. Our net loss was $83.1 million for the nine months ended September 30, 2013. In the near term, we anticipate that we will continue to incur net losses as we continue our research and development activities to further build on our library of oils that address the chemicals and fuels, nutrition and skin and personal care markets, continue work on feedstock flexibility and scaling of new tailored oils, nutrition ingredients and skin and personal care products in the marketplace and support commercialization activities for our products. In addition, as we continue to scale our capacity by entering into manufacturing capacity and joint venture agreements with other feedstock producers, we may incur additional net losses associated with the build-out and initial operations of those production facilities.

Through a combination of partnerships and internal development, we plan to scale rapidly. We expect that commercial products will be available from the Clinton and Galva Facilities by early 2014. Our Peoria Facility continues to provide an important platform for continued work on feedstock flexibility and has been modified to address production requirements for sampling and market development needs for both whole algal flour and whole algal protein products. In addition, we are currently in discussions with additional potential feedstock and manufacturing partners in Europe, Latin America and the United States to co locate oil production at their mills.

Significant Partner Agreements

We currently have joint venture, joint development, supply and distribution arrangements with various strategic partners. We expect to enter into additional partnerships in each of our three target markets to advance commercialization of our products and to expand our upstream and downstream capabilities. Upstream, we expect partners to provide research and development funding, capital for commercial manufacturing capacity and/or secure access to feedstock. Downstream, we expect partners to provide expanded distribution channels, product application testing, marketing expertise and/or long-term purchase commitments. Our current principal partnerships and strategic arrangements include:

Bunge . In May 2011, we entered into a Joint Development Agreement (the JDA) with Bunge that extended through May 2013. In September 2013, the Company and Bunge agreed to extend the JDA, effective from May 2013 through September 2014. Pursuant to the JDA, we and Bunge are jointly developing microbe-derived oils, and exploring the production of such oils from Brazilian sugarcane feedstock.

In April 2012, we and Bunge formed the Solazyme Bunge JV to build, own and operate a commercial-scale renewable tailored oils production facility (the Solazyme Bunge JV Plant) adjacent to Bunge's Moema sugarcane mill in Brazil. The Solazyme Bunge JV Plant, which will leverage our technology and Bunge's sugarcane milling and natural oil processing capabilities, will produce our tailored triglyceride oils primarily for chemical applications. In addition, the Solazyme Bunge JV Plant has been designed to be expanded for further production in line with market demand. We expect this production facility to have annual production capacity of 100,000 metric tons of oil. Construction of the Solazyme Bunge JV Plant commenced in the second quarter of 2012 and commissioning is underway, with expected first commercially saleable product in the first quarter of 2014. The Solazyme Bunge JV is jointly financed by us and Bunge. In February 2013, the Solazyme Bunge JV entered into a loan agreement with the Brazilian Development Bank (BNDES), funding which supports the production facility in Brazil, including a portion of the construction costs of the Solazyme Bunge JV Plant. As a condition of the Solazyme Bunge JV drawing funds under the loan in excess of amounts supported by bank guarantees, we will be required to provide a corporate guarantee of a portion of the loan (in an amount that, when added to the amount supported by our bank guarantee, does not exceed our ownership percentage in the Solazyme Bunge JV).

In addition to forming the Solazyme Bunge JV in April 2012, we entered into a Development Agreement with the Solazyme Bunge JV to continue research and development activities that are intended to benefit the Solazyme Bunge JV, including activities in the areas of strain development, molecular biology and process development. The Development Agreement provides that the Solazyme Bunge JV will pay us a technology maintenance fee in recognition of our ongoing research investment in technology that would benefit the Solazyme Bunge JV. We also entered into a Technology Service Agreement with the Solazyme Bunge JV under which the Solazyme Bunge JV will pay us for technical services related to the operations of the Plant, including, but not limited to, engineering support for Plant operations, operation procedure consultation, product analysis and microbe performance monitoring and assessment. In the third quarter of 2013, the Solazyme Bunge JV also agreed to pay us to support its commercial activities, including, but not limited to, facilitating supply agreements on behalf of the Solazyme Bunge JV and providing regulatory support.

In anticipation of the Solazyme Bunge JV's formation, in May 2011, we granted Bunge Limited a warrant (the Warrant) to purchase 1,000,000 shares of our common stock at an exercise price of $13.50 per share. The Warrant vests as follows: (i) 25% of the warrant shares vest on such date that we and Bunge Limited (or one of its affiliates) enter into a joint venture agreement to construct and operate a commercial-scale renewable oil production facility sited at a sugar mill of Bunge Limited or its affiliate; (ii) 50% of the warrant shares vest on the earlier of the following: (a) execution of the engineering, procurement and construction contract covering the construction of the Joint Venture Plant and (b) execution of a contract for the purchase of a production fermentation vessel for the Joint Venture Plant; provided, however, that such date occurs on or prior to ten weeks after certain technical milestones set forth in the JDA are achieved; and (iii) 25% of the warrant shares vest on the date upon which aggregate output of triglyceride oil at the Joint Venture Plant reaches 1,000 metric tons. The number of warrant shares issuable upon exercise is subject to downward adjustment for failure to achieve the performance milestones on a timely basis as well as adjustments for certain changes to capital structure and corporate transactions. The first tranche of the Warrant shares (25%) vested in April 2012. The second tranche of the Warrant shares (50%) vested in June 2012. The Warrant expires in May 2021.

In November 2012, we entered into a joint venture expansion framework agreement with Bunge. This framework agreement sets forth the intent of the partners to expand joint venture-owned oil production capacity from the current 100,000 metric tons under construction in Brazil to 300,000 metric tons by 2016 at select Bunge owned and operated processing facilities worldwide. We and Bunge also intend to expand the portfolio of oils to be produced out of the Solazyme Bunge JV facility in Brazil. The expanded field and portfolio of oils would include certain tailored food oils for sale in Brazil, where Bunge is the largest supplier of edible oils through several of its retail brands. We and Bunge intend to work together through joint market development to bring new, healthy, edible oils to the Brazilian market.

Refer to Note 8 and Note 10 in the accompanying notes to our condensed consolidated financial statements for further discussion of the Bunge JDA, Joint Venture Agreement and Warrant.

ADM . In November 2012, we entered into a strategic collaboration agreement with ADM, establishing a collaboration for the production of tailored triglyceride oil products at the Clinton Facility. The Clinton Facility will produce tailored triglyceride oil products using our proprietary microbe-based catalysis technology. Feedstock for the facility will be provided from ADM's adjacent wet

mill. Under the terms of the strategic collaboration agreement, we will pay ADM annual fees for use and operation of a portion of the Clinton Facility, a portion of which may be paid in our common stock. In addition, we granted to ADM a warrant to purchase 500,000 shares of our common stock in January 2013, which vests in equal monthly installments over five years, commencing in November 2013. In addition, in March 2013 we issued a series of warrants to ADM for payment in stock, in lieu of cash, at our election, of future annual fees for use and operation of a portion of the Clinton facility. We currently anticipate that commercial production at the Clinton Facility will begin by early 2014. The initial target nameplate capacity of the facility is expected to be 20,000 metric tons per year of tailored triglyceride oil products. We have an option to expand the capacity to 40,000 metric tons per year with the goal to further expand production to 100,000 metric tons per year. We are also working together to develop markets for the products produced at the Clinton Facility. Starting in the second half of 2013, downstream processing of products produced at the Clinton Facility is being done at the Galva Facility.

Mitsui . In February 2013, we entered into a multi-year agreement with Mitsui & Co., Ltd. (Mitsui) to jointly develop triglyceride oils for use primarily in the oleochemical industry. The agreement includes further development of our myristic oil, a valuable raw material in the oleochemical industry, and additional oils that we are developing for the oleochemical and industrial sectors. End use applications may include renewable, high-performance polymer additives for plastic applications, lubricants and toiletry and household products.

Chevron . We have entered into multiple research and development agreements with Chevron to conduct research related to algal technology in the fields of diesel fuel, lubes and additives and coproducts. Under the terms of the most recent agreement, we successfully completed all defined deliverables against the active Chevron research program which was funded through June 30, 2012.

US Navy . In September 2010, we entered into a firm fixed price research and development contract with the Department of Defense (DoD), through the Defense Logistics Agency, Fort Belvoir, VA (DLA), to provide marine diesel fuel. We agreed to produce up to 567,812 liters of HRF-76 marine diesel for the US Navy's testing and certification program. This contract is the third contract that we have entered into with the DoD and the largest of the three. We completed two earlier contracts to research, develop and demonstrate commercial-scale production of microalgae-based advanced biofuels to establish appropriate status for future commercial procurements. We completed the first phase of our 567,812 liter contract in July 2011, with the delivery of 283,906 liters of HRF-76 marine diesel to the US Navy for their testing and certification program. In August 2011, the DoD exercised its option to pursue the second phase of the current DoD contract, which called for the delivery of the remainder of the 283,906 liters of HRF-76 marine diesel for the US Navy's testing and certification program. We completed the second phase of our contract in June 2012, with the delivery of 283,906 liters of HRF-76 marine diesel to the US Navy.

In November 2011, Dynamic Fuels, LLC (Dynamic) was awarded a contract to supply the US Navy with 450,000 gallons (1,703,000 liters) of renewable fuels. The contract involves supplying the US Navy with 100,000 gallons (379,000 liters) of jet fuel (Hydro-treated Renewable JP-5 or HRJ-5) and 350,000 gallons (1,325,000 liters) of marine distillate fuel (Hydro-Treated Renewable F-76 or HRD-76). We were named a subcontractor and we entered into a subcontractor agreement with Dynamic effective January 2012 to supply Dynamic with algal oil to fulfill Dynamic's contract with the US Navy to deliver fuel by May 2012. We delivered our commitment of algal oil pursuant to this subcontract in February 2012. The fuel was used as part of the US Navy's Green Strike Group demonstration at the 2012 Rim of the Pacific Exercise, the world's largest international maritime warfare exercise. The Great Green Fleet was powered by a 50/50 blend of biofuel and conventional petroleum-based fuel.

Dow. In May 2012, we and Dow entered into a Phase 2 Joint Development Agreement (Phase 2 JDA), an extension of the original exclusive joint development agreement related to dielectric insulating fluids.

Roquette . In November 2010, we entered into a joint venture agreement with Roquette. The purpose of the Solazyme Roquette JV was to engage in manufacturing, distribution, sales, marketing and support of products and services related to the use of microalgae to which we have not applied our targeted recombinant technology in a fermentation production process to produce materials for use in the following fields: (1) human foods and beverages; (2) animal feed; and (3) nutraceuticals. In June 2013, we and Roquette agreed to dissolve the Solazyme Roquette JV and on July 18, 2013, the Solazyme Roquette JV was dissolved.

Algenist ® Distribution Partners. In December 2010, we entered into an exclusive distribution contract with Sephora EMEA to distribute our Algenist ® product line in Sephora EMEA stores in certain countries in Europe and select countries in the Middle East and Asia. In January 2011, we also made arrangements with Sephora Americas to sell our Algenist ® product line in Sephora Americas stores (which currently includes locations in the United States and Canada). In October 2011, we launched our Algenist ® product line at Sephora inside jcpenney stores in the United States. In March 2011, we entered into an agreement with QVC, Inc. (QVC) and launched the sale of our Algenist ® product line through QVC's multimedia platform.

Unilever. In October 2011, we entered into a joint development agreement with Unilever (our fourth agreement together) which expanded our current research and development efforts. In September 2013, we and Unilever agreed to extend this joint development agreement through September 30, 2014.

Financial Operations Overview

Revenues

To date, we have focused on building our corporate infrastructure, developing our core technology and designing a manufacturing process to scale up our biotechnology platform to position us in our target markets. Prior to our agreement with Roquette, which generated license fees, our revenues were primarily from collaborative research and government grants. We expect to sell our products in the future into three target markets: chemicals and fuels; nutrition; and skin and personal care. The products that we sell and intend to sell into our target markets have significantly different selling prices, volumes and expected contribution margins. We expect our product revenues in the near term to be comprised almost entirely from the sale of products into the skin and personal care market. We expect that this market will provide us with the highest gross margin of our three target markets. In the longer term, we expect that a significant portion of our revenues will come from the chemicals and fuels and nutrition markets, which have lower, but still attractive, margins and higher volumes.

To date our revenues have consisted of research and development program revenues and license fees, and beginning in the first quarter of 2011, included product revenues.

- ***Research and Development Program Revenues***

  Revenues from research and development (R&D) programs are recognized in the period during which the related costs are incurred, provided that the conditions under which the government grants and agreements were provided have been met and only perfunctory obligations are outstanding. We currently have active R&D programs with governmental agencies and commercial partners. These R&D programs are entered into pursuant to grants and agreements that generally provide payment for certain types of expenditures in return for research and development activities over a contractually defined period. Revenues related to R&D programs include reimbursable expenses and payments received for full-time equivalent employee services recognized over the related performance periods for each of the contracts. We are required to perform research and development activities as specified in each respective agreement based on the terms and performance periods set forth in the agreements as outlined above. R&D program revenues represented 55% and 52% of our total revenues for the three and nine months ended September 30, 2013, respectively, as compared to 56% and 67% of our total revenues for the three and nine month periods ended September 30, 2012, respectively. Revenues from government grants and agreements represented 1% and 2% of total R&D program revenues for the three and nine months ended September 30, 2013, respectively, as compared to 54% and 55% of total R&D program revenues for the three and nine months ended September 30, 2012, respectively. Revenues from commercial and strategic partner development agreements represented 99% and 98% of total R&D program revenues for the three and nine months ended September 30, 2013, respectively, as compared to 46% and 45% of total R&D program revenues in the three and nine months ended September 30, 2012, respectively.

- ***Product Revenues***

  Product revenues consist of revenues from products sold commercially into each of our target markets.

  Starting in 2011, we recognized revenues from the sale of our first commercial product line, Algenist ®, which we distributed to the skin and personal care end market through arrangements with Sephora S.A. and its affiliates (Sephora), QVC and Space NK, as well as direct-to-consumer sales via the Internet. We may also launch the Algenist ® product line in additional geographies and/or through additional distribution channels. Product revenues represented 45% and 48% of our total revenues for the three and nine months ended September 30, 2013, respectively. Product revenues represented 44% and 33% of our total revenues for the three and nine months ended September 30, 2012, respectively.

Costs and Operating Expenses

Costs and operating expenses consist of cost of product revenue, research and development expenses and sales, general and administrative expenses. Personnel-related expenses including non-cash stock-based compensation, third-party contract manufacturing, reimbursable equipment and costs associated with government contracts, consultants and facility costs comprise the significant components of these expenses. We expect to continue to hire additional employees, primarily in research and development, manufacturing and commercialization, as we scale our manufacturing capacity and commercialize our technology in target markets.

- ***Cost of Product Revenue***

  Cost of product revenue consists primarily of third-party contractor costs associated with packaging, distribution and production of Algenist ® products, internal labor, shipping, supplies and other overhead costs associated with production of Alguronic Acid ®, a microalgae-based active ingredient used in our Algenist ® product line. We expect our third-party contractor costs related to the distribution and production of Algenist ®, as well as our other costs of product revenue, to increase as the demand for our Algenist ® product line grows.

- ***Research and Development***

Research and development expenses consist of costs incurred for internal projects as well as partner-funded collaborative research and development activities with commercial and strategic partners and governmental entities (partners). Research and development expenses consist primarily of personnel and related costs including non-cash stock-based compensation, third-party contract manufacturing, reimbursable equipment and costs associated with government contracts, consultants, facility costs and overhead, depreciation and amortization of property and equipment used in development, and laboratory supplies. We expense our research and development costs as they are incurred. Our research and development programs are undertaken to advance our overall industrial biotechnology platform that enables us to produce tailored, high-value oils. Although our partners fund certain development activities, they benefit from advances in our technology platform as a whole, including costs funded by other development programs. Therefore, costs for such activities have not been separated as these costs have all been determined to be part of our total research and development related activity. Our research and development efforts are devoted to both internal and external product and process development projects. Our external research and development projects include research and development activities as specified in our government grants and contracts and development agreements with commercial and strategic partners. Internal research activities and projects focus on (1) strain screening, improvement and optimization in order to provide a detailed inventory of individual strain outputs under precisely controlled conditions; (2) process development aimed at reducing the cost of oil production; and (3) scale-up of commercial scale production. Our Peoria Facility, which we acquired in May 2011, commenced fermentation operations in the fourth quarter of 2011, and we successfully commissioned our first integrated biorefinery in June 2012 under our DOE program. We intend to use our Peoria Facility for joint development activities, to provide samples for market development as well as for commercial production for certain high-value products. In November 2012 we also entered into an agreement with ADM to utilize a portion of ADM's existing commercial-scale production facility. We expect that our research and development expenses will increase in the near term as we scale up to commercial production.

- ***Sales, General and Administrative***

Sales, general and administrative expenses consist primarily of personnel and related costs including non-cash stock-based compensation related to our executive management, corporate administration, sales and marketing functions, professional and legal services, administrative and facility overhead expenses. These expenses also include costs related to our business development and sales functions, including marketing programs. Professional services consist primarily of consulting, external legal, accounting and temporary help. We expect sales, general and administrative expenses to increase as we incur additional costs related to commercializing our business, including our growth and expansion in Brazil, and operating as a publicly-traded company, including increased legal fees, accounting fees, costs of compliance with securities, corporate governance and other regulations, investor relations expenses and higher insurance premiums. In addition, we expect to incur additional costs as we hire personnel and enhance our infrastructure to support the anticipated growth of our business.

Other Income (Expense), Net

Interest and Other Income

Interest and other income consist primarily of interest income earned on marketable securities and cash balances. Our interest income will vary for each reporting period depending on our average investment balances during the period and market interest rates.

Interest Expense

Interest expense consists primarily of interest related to our debt. As of September 30, 2013 and December 31, 2012, our outstanding debt, net of debt discounts, was approximately $91.2 million and $15.0 million, respectively. We expect interest expense to increase primarily as a result of issuing $125.0 million of 6.00% convertible senior subordinated notes due 2018 (the Notes) in January 2013, and to fluctuate with changes in our debt obligations.

Gain (Loss) from Change in Fair Value of Warrant Liability

Gain (loss) from change in fair value of warrant liability consists primarily of the change in the fair value of redeemable convertible preferred stock warrants and a common stock warrant issued to Bunge Limited. The warrant liability is remeasured to fair value at each balance sheet date and/or upon vesting, and the change in the then-current aggregate fair value of the warrants is recorded as a gain or loss from the change in the fair value in our condensed consolidated statement of operations. The warrant liability is reclassified to additional paid-in capital upon conversion of redeemable preferred stock, or vesting of common warrant shares. The redeemable convertible stock warrants were converted into common stock or common stock warrants upon the close of our initial public offering in June 2011, and the related preferred stock warrant liability of $6.6 million was reclassified to additional paid-in capital and was no longer adjusted to fair value. In April 2012, the first and second tranches of the common stock warrant issued to Bunge Limited had vested, and the related warrant liability of $4.6 million was reclassified to additional paid-in capital and was no longer adjusted to fair value. The third tranche of the common stock warrant issued to Bunge Limited was unvested as of September 30, 2013, and will be remeasured to fair value at each balance sheet date until the warrant shares have vested.

Loss from Change in Fair Value of Derivative Liability

Loss from change in fair value of derivative liability consists of the change in the fair value of the embedded derivative related to the early conversion feature of the Notes issued in January 2013.

Income (Loss) from Equity Method Investments, Net

Income (loss) from the equity method investment in Solazyme Bunge JV is recorded in our income statement as "Income (Loss) from Equity Method Investments, Net".

In the nine months ended September 30, 2013, we recorded a loss of $1.4 million to Income (loss) from equity method investments, net related to the dissolution of the Solazyme Roquette JV.

Income Taxes

Since inception, we have incurred net losses and have not recorded any US federal, state or non-US income tax provisions. We have recorded a full valuation allowance against deferred tax assets as it is more likely than not that they will not be realized.

Critical Accounting Policies and Estimates

Critical accounting policies are those accounting policies that management believes are important to the portrayal of our financial condition and results and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our 2012 Annual Report on Form 10-K includes a description of certain critical accounting policies, including those with respect to revenue recognition, inventories, convertible preferred stock warrants, stock-based compensation and income taxes. There have been no material changes to the Company's critical accounting policies described in the Company's 2012 Annual Report on Form 10-K, except as described below:

Convertible Debt and Embedded Derivative

In January 2013, we issued $125.0 million aggregate principal amount of Notes. The terms of the Notes include, among others, that if a conversion occurs prior to November 1, 2016 (other than conversions in connection with certain fundamental changes where we may be required to increase the conversion rate as described in Note 11 to the condensed consolidated financial statements) in addition to the shares deliverable upon conversion, holders are entitled to receive an early conversion payment equal to $83.33 per $1,000 principal amount of Notes surrendered for conversion that may be settled, at our election, in cash or, subject to satisfaction of certain conditions, in shares of our common stock. As of September 30, 2013, $43.2 million of the Notes had been converted into approximately 5.2 million shares of our common stock and were reclassified from long-term debt to stockholders' equity in our condensed consolidated balance sheets. We elected to settle the early conversion payments related to the Notes in shares of our common stock, and accordingly issued approximately 0.3 million shares of our common stock as of September 30, 2013.

We evaluated the embedded derivative resulting from the early conversion payment feature within the indenture for bifurcation from the notes. The early conversion feature was not deemed clearly and closely related to the Notes and was bifurcated as an embedded derivative. We estimated the fair value of this embedded derivative liability using a Monte Carlo simulation model and classified it as a non-current liability in our condensed consolidated balance sheets with a corresponding debt discount that is netted against the principal amount of the Notes. The fair value of the embedded derivative is remeasured to fair value at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value of the derivative liability. Early conversion payments in cash or common stock are also recorded to the change in the fair value of the derivative liability upon the early conversion of the Notes.

Results of Operations

Comparison of Three Months Ended September 30, 2013 and 2012

Revenues

	Three Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Revenues:			
Research and development programs	$ 5,824	$4,810	$ 1,014
Net product revenue	4,797	3,773	1,024
Total revenues	$10,621	$8,583	$ 2,038

Our total revenues increased by $2.0 million in the third quarter of 2013 compared to the same period in 2012, due to a $1.0 million increase in R&D program revenue and $1.0 million of increased Algenist ® product sales in the third quarter of 2013 compared to the same period in 2012.

R&D program revenues increased by $1.0 million, due to a $3.6 million increase in revenues from development agreements with strategic partners and the Solazyme Bunge JV, partially offset by a $2.5 million decrease in government program revenues.

Net Algenist ® product revenue increased in the third quarter of 2013 compared to the same period in 2012 primarily due to new product offerings and increased consumer demand.

Our government program revenues decreased in the third quarter of 2013 compared to the same period in 2012, primarily due to the completion of the integrated biorefinery build out at our Peoria facility in mid-2012 under the DOE grant and completion of the second phase of our 2011 DoD fuels testing and certification contract in June 2012. The grant awarded by the DOE is funding up to $21.8 million of the build-out, equipment costs and certain research and development costs associated with our integrated biorefinery program in our Peoria Facility. We successfully commissioned the integrated biorefinery at our Peoria Facility in the second quarter of 2012 and anticipate that the remaining objectives under the program will be completed as outlined in the program by the end of the first quarter of 2014. We are fully funding the remaining costs to complete the objectives of the DOE award.

Our revenues from development agreements with strategic partners increased due to timing of agreements that we entered into and completed since late 2011. In general, we expect that our R&D program revenues will continue as work with our strategic partners in our existing and new R&D agreements enables important market development activities. In the near term, we don’t expect government program revenues to increase.

As we enter into new agreements with strategic partners or government programs, we expect that quarterly trends may fluctuate based on the timing of program activities.

Cost of Product Revenues

	Three Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Cost of revenue:			
Product	$ 1,450	$ 1,331	$ 119
Gross profit:			
Product	$ 3,347	$ 2,442	$ 905

Cost of product revenue increased slightly in the third quarter of 2013 compared to the same period in 2012, and sales of Algenist ® products increased by $1.0 million in the third quarter of 2013 compared to the same period in 2012. Gross margins increased from 65% in the third quarter of 2012 to 70% in the third quarter of 2013 due primarily to changes in customer and product mix in the third quarter of 2013 compared to the same period in 2012.

Operating Expenses

	Three Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Operating expenses:			
Research and development	$ 17,556	$ 16,534	$ 1,022
Sales, general and administrative	15,708	13,849	$ 1,859
Total operating expenses	$ 33,264	$ 30,383	$ 2,881

Research and Development Expenses

Our research and development expenses increased by $1.0 million in the third quarter of 2013 compared to the same period in 2012, due primarily to $3.6 million of costs incurred to scale up our industrial fermentation process at the Clinton Facility and downstream processing at the Galva Facility in the third quarter of 2013 and increased personnel-related and facilities-related costs of $1.7 million and $0.2 million, respectively, partially offset by decreased R&D program costs of approximately $4.5 million. Personnel and facilities-related costs increased in the third quarter of 2013 compared to the same period in 2012 as a result of headcount growth to support ADM and Peoria manufacturing scale up and collaborative research activities with commercial partners. Certain R&D program costs decreased in the third quarter of 2013 compared to the same period in 2012 due primarily to the completion of the second phase of our 2011 DoD fuels testing and certification contract in June 2012 and third-party contractor costs incurred for certain collaboration activities with commercial partners in the third quarter of 2012. Personnel-related costs include non-cash stock-based compensation expense of $1.5 million in the third quarter of 2013 compared to $1.0 million in the same period in 2012. We plan to continue to make significant investments in research and development for the foreseeable future as we continue to develop our algal strain screening and optimization process, continue to validate and scale up our industrial fermentation manufacturing processes at the Clinton Facility, pursue process development improvements and continue to maximize production efficiencies at our Peoria Facility. We expect that as we ramp up our activities with ADM and other third party contractors, our costs will continue to increase for the remainder of 2013.

Sales, General and Administrative Expenses

Our sales, general and administrative expenses increased by $1.9 million in the third quarter of 2013 compared to the same period in 2012, primarily due to increased personnel-related costs of $2.3 million associated with headcount growth. Personnel-related costs include non-cash stock-based compensation of $3.7 million in the third quarter of 2013 compared to $2.7 million in the same period in 2012. We expect our sales, general and administrative expenses to increase as we hire additional personnel to support the anticipated growth of our business domestically and in Brazil.

Other Income (Expense), Net

	Three Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Other income (expense):			
Interest and other income, net	$ 347	$ 524	$ (177)
Interest expense	(1,961)	102	2,063
Loss from equity method investment	(2,360)	(683)	1,677
Gain from change in fair value of warrant liability	200	685	(485)
Loss from change in fair value of derivative liability	(2,836)	—	2,836
Total other income (expense), net	$ (6,610)	$ 628	$ (7,238)

Interest and Other Income, net

Interest and other income, net decreased by $0.2 million in the third quarter of 2013 compared to the same period in 2012, primarily due to decreased investment yields on investment balances. We expect our interest and other (expense) income, net to fluctuate with changes in the mix of our cash and investment balances.

Interest expense

Interest expense increased by $2.1 million in the third quarter of 2013 compared to the same period in 2012, due primarily to $2.3 million of increased interest expense related to the issuance of the Notes in January 2013, partially offset by $0.2 million of capitalized interest related to the investment in our Solazyme Bunge JV. We expect interest expense and amortization of debt discounts and debt issue costs to increase due to the issuance of the Notes in January 2013, net of early conversions of the Notes (see Note 11 to our condensed consolidated financial statements).

Loss from Equity Method Investment

Loss from equity method investment increased by $1.7 million in the third quarter of 2013 compared to the same period in 2012, due to the increase in our proportionate share of the net loss from the Solazyme Bunge JV. We expect the loss from our equity method investment to increase as the Solazyme Bunge JV continues to construct a commercial-scale production facility in Brazil and hire additional headcount to support its operations.

Gain from Change in Fair Value of Warrant Liability

Gain from the change in fair value of warrant liability decreased by $0.5 million in the third quarter of 2013 compared to the same period in 2012, due to the change in the fair value of the unvested warrant issued to Bunge Limited. The warrant vests in three separate tranches, each contingent upon the achievement of specific performance-based milestones related to the formation and operations of Solazyme Bunge JV. The unvested warrant shares are classified as a liability on our condensed consolidated balance sheet beginning in the second quarter of 2012, and remeasured to fair value at each balance sheet date and reclassified to additional paid-in capital upon vesting. In the second quarter of 2012, 750,000 warrant shares vested and were reclassified to additional paid-in capital. We expect that the gain from the change in the fair value of the warrant liability will fluctuate with the change in our stock price and other factors.

Loss from Change in Fair Value of Derivative Liability

Loss from change in fair value of derivative liability of $2.8 million for the three months ended September 30, 2013 was due to the change in the fair value of the embedded derivative related to the early conversion feature of the Notes issued in January 2013 of $0.8 million and fair value adjustments related to early conversions made prior to November 1, 2016 of $2.0 million. At each reporting period, we record this embedded derivative at fair value which is included as a component of the Notes on our condensed consolidated balance sheets. We used a Monte Carlo simulation model to estimate the fair value of the embedded derivative related to the early conversion feature of the Notes. Changes in certain inputs into the model may have a significant impact on changes in the estimated fair value of the embedded derivative. We expect that the loss from the change in the fair value of the derivative liability will decrease if Note holders convert prior to November 2016, and will also fluctuate with the change in our stock price and other certain inputs to the Monte Carlo simulation model.

Results of Operations

Comparison of Nine Months Ended September 30, 2013 and 2012

Revenues

	Nine Months ended September 30,		
	2013	2012	$ Change
		(In thousands)	
Revenues:			
Research and development programs	$14,764	$23,838	$ (9,074)
Net product revenue	13,712	11,846	1,866
Total revenues	$28,476	$35,684	$ (7,208)

Our total revenues decreased by $7.2 million in the nine months ended September 30, 2013 compared to the same period in 2012, due primarily to a $9.1 million decrease in R&D program revenue, partially offset by $1.9 million of increased Algenist ® product sales in the nine months ended September 30, 2013 compared to the same period in 2012.

R&D program revenues decreased by $9.1 million, due primarily to a $12.8 million decrease in government program revenues, partially offset by $3.7 million of increased revenues from development agreements with strategic partners and the Solazyme Bunge JV.

Net Algenist ® product revenue increased in the third quarter of 2013 compared to the same period in 2012 primarily due to new product offerings and increased consumer demand.

Our government program revenues decreased in the nine months ended September 30, 2013 compared to the same period in 2012, primarily due to the completion of the integrated biorefinery build out at our Peoria facility in mid-2012 under the DOE grant, delivery of our commitment of algal oil under the Dynamic Fuels subcontract in the first half of 2012 and completion of the second phase of our 2011 DoD fuels testing and certification contract in June 2012. The grant awarded by the DOE is funding up to $21.8 million of the build-out, equipment costs and certain research and development costs associated with our integrated biorefinery program in our Peoria Facility. We successfully commissioned the integrated biorefinery at our Peoria Facility in the second quarter of 2012 and we are in the process of completing the remaining objectives outlined in the program.

Our revenues from development agreements with strategic partners decreased in the nine months ended September 30, 2013 compared to the same period in 2012, primarily due to timing of agreements that ended and new agreements entered into since late 2011. During the nine months ended September 30, 2013, we recorded $5.3 million primarily related to milestone achievements with one of our strategic partners. In general, we expect that our R&D program revenues will continue as work with our strategic partners in our existing and new R&D agreements enables important market development activities. As we enter into new agreements with strategic partners or government programs, we expect that quarterly trends may fluctuate based on the timing of program activities. In the near term, we don’t expect government program revenues to increase.

Cost of Product Revenues

	Nine Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Cost of revenue:			
Product	$ 4,400	$ 3,907	$ 493
Gross profit:			
Product	$ 9,312	$ 7,939	$ 1,373

Cost of product revenue increased by $0.5 million in the nine months ended September 30, 2013 compared to the same period in 2012, and sales of Algenist ® products increased by $1.9 million in the nine months ended September 30, 2013 compared to the same period in 2012. Gross margins increased slightly from 67% in the nine months ended September 30, 2012 to 68% in the nine months ended September 30, 2013.

Operating Expenses

	Nine Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Operating expenses:			
Research and development	$ 46,191	$ 50,276	$ (4,085)
Sales, general and administrative	46,010	41,628	$ 4,382
Total operating expenses	$ 92,201	$ 91,904	$ 297

Research and Development Expenses

Our research and development expenses decreased by $4.1 million in the nine months ended September 30, 2013 compared to the same period in 2012, due primarily to decreased R&D program and third-party contractor costs of approximately $15.1 million, partially offset by $5.9 million of costs incurred to scale up our industrial fermentation process at the Clinton Facility and downstream processing at the Galva Facility, and increased personnel-related and facilities-related costs of $3.7 million and $1.3 million, respectively. R&D program and third-party contractor costs decreased in the nine months ended September 30, 2013 compared to the same period in 2012 primarily due to decreased costs related to the completion of construction of the integrated biorefinery program in 2012 and third-party contractor costs incurred to complete the delivery our commitment of algal oil under the Dynamic Fuels subcontract and to complete the second phase of our 2011 DoD fuels testing and certification contract in June 2012. In the fourth quarter of 2012, we started validation and scale-up work at the Clinton Facility, resulting in $4.4 million of costs incurred to scale up our industrial fermentation process at such facility in the nine months ended September 2013. Personnel-related and facilities-related costs increased as a result of headcount growth to support the Clinton Facility and Peoria manufacturing and collaborative research activities. Personnel-related costs include non-cash stock-based compensation expense of $4.1 million in the nine months ended September 30, 2013 compared to $2.9 million in the same period in 2012. We plan to continue to make significant investments in research and development for the foreseeable future as we continue to develop our algal strain screening and optimization process, continue to validate and scale up our industrial fermentation manufacturing processes at the Clinton Facility, pursue process development improvements and continue to maximize production efficiencies at our Peoria Facility. We expect that as we ramp up our activities with ADM and other third party contractors, our costs will increase for the remainder of 2013.

Sales, General and Administrative Expenses

Our sales, general and administrative expenses increased by $4.4 million in the nine months ended September 30, 2013 compared to the same period in 2012, primarily due to increased personnel-related expenses of $5.5 million, partially offset by decreased marketing and promotional costs of $1.2 million. Personnel-related and facilities-related costs increased due to headcount growth. Personnel-related

costs include non-cash stock-based compensation of $10.3 million in the nine months ended September 30, 2013 compared to $8.6 million in the same period in 2012. We expect our sales, general and administrative expenses to increase as we hire additional personnel to support the anticipated growth of our business domestically and in Brazil.

Other Income (Expense), Net

	Nine Months ended September 30,		
	2013	2012	$ Change
	(In thousands)		
Other income (expense):			
Interest and other income, net	$ 1,066	$ 1,626	$ (560)
Interest expense	(5,642)	(364)	5,278
Loss from equity method investment	(5,541)	(1,193)	4,348
(Loss) gain from change in fair value of warrant liability	(425)	1,536	(1,961)
Loss from change in fair value of derivative liability	(4,386)	—	4,386
Total other income (expense), net	$(14,928)	$ 1,605	$(16,533)

Interest and Other Income, net

Interest and other income, net decreased by $0.6 million in the nine months ended September 30, 2013 compared to the same period in 2012, primarily due to decreased investment yields on investment balances. We expect our interest and other (expense) income, net to fluctuate with changes in the mix of our cash and investment balances.

Interest expense

Interest expense increased by $5.3 million in the nine months ended September 30, 2013 compared to the same period in 2012, due to $6.1 million of increased interest expense resulting primarily from the issuance of the Notes in January 2013, partially offset by $0.8 million of interest capitalized to our investment in the Solazyme Bunge JV. We expect interest expense and amortization of debt discounts and debt issue costs to increase due to the issuance of the Notes in January 2013, net of early conversions of the Notes (see Note 11 to our condensed consolidated financial statements).

Loss from Equity Method Investment

Loss from equity method investment increased by $4.3 million in the nine months ended September 30, 2013 compared to the same period in 2012, primarily due to the increase in our proportionate share of the net loss from the Solazyme Bunge JV of $2.9 million and a $1.4 million loss related to the dissolution of the Solazyme Roquette JV. We expect the loss from our equity method investment to increase as the Solazyme Bunge JV continues to construct a commercial-scale production facility in Brazil and hire additional headcount to support its operations.

(Loss) gain from Change in Fair Value of Warrant Liability

Loss from the change in fair value of warrant liability increased by $2.0 million in the nine months ended September 30, 2013 compared to the same period in 2012, due to the change in the fair value of the unvested warrant issued to Bunge Limited. The warrant vests in three separate tranches, each contingent upon the achievement of specific performance-based milestones related to the formation and operations of Solazyme Bunge JV. The unvested warrant shares are classified as a liability on our condensed consolidated balance sheet beginning in the second quarter of 2012, and remeasured to fair value at each balance sheet date and reclassified to additional paid-in capital upon vesting. In the second quarter of 2012, 750,000 warrant shares vested and were reclassified to additional paid-in capital. We expect that the gain from the change in the fair value of the warrant liability will fluctuate with the change in our stock price and other factors.

Loss from Change in Fair Value of Derivative Liability

Loss from change in fair value of derivative liability of $4.4 million for the nine months ended September 30, 2013 was due to the change in the fair value of the embedded derivative related to the early conversion feature of the Notes issued in January 2013 of $2.4 million and fair value adjustments related to early conversions made prior to November 1, 2016 of $2.0 million. At each reporting period, we record this embedded derivative at fair value which is included as a component of the Notes on our condensed consolidated balance sheets. We used a Monte Carlo simulation model to estimate the fair value of the embedded derivative related to the early conversion feature of the Notes. Changes in certain inputs into the model may have a significant impact on changes in the estimated fair value of the embedded derivative. We expect that the loss from the change in the fair value of the derivative liability will decrease if Note holders convert prior to November 2016, and will fluctuate with the change in our stock price and other certain inputs to the Monte Carlo simulation model.

Liquidity and Capital Resources

	September 30, 2013	December 31, 2012
	(In thousands)	
Cash and cash equivalents	$ 67,180	$ 30,818
Marketable securities	127,175	118,187

Cash, cash equivalents and marketable securities increased by $45.4 million in the nine months ended September 2013, primarily due to $119.2 million of net cash proceeds received from the issuance of the Notes (net of $5.3 million of debt discounts and $0.5 million of debt issue costs) and $10.4 million of proceeds received from borrowings under the HSBC revolving facility, partially offset by cash used in operating activities of $56.9 million, $14.9 million of repayments under loan agreements, $7.4 million of capital contributed to the Solazyme Bunge JV and $6.5 million of property and equipment purchases.

The following table shows a summary of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2013	2012
	(In thousands)	
Net cash used in operating activities	$ (56,917)	$ (52,266)
Net cash (used in) provided by investing activities	(25,680)	50,099
Net cash provided by (used in) financing activities	118,949	(1,846)

Sources and Uses of Capital

Since our inception, we have incurred significant net losses, and, as of September 30, 2013, we had an accumulated deficit of $273.0 million. We anticipate that we will continue to incur net losses as we continue our scale-up activities, support commercialization activities for our products and expand our research and development activities. In addition, we may acquire additional manufacturing facilities, expand or build out our current manufacturing facilities and/or build additional manufacturing facilities. We are unable to predict the extent of any future losses or when we will become profitable, if at all. We expect to continue making significant investments in research and development and manufacturing, and expect selling, general and administrative expenses to increase as a result of operating as a publicly-traded company. As a result, we will need to generate significant revenues from product sales, collaborative research and joint development activities, licensing fees and other revenue arrangements to achieve profitability.

In January 2010, we obtained a grant from the DOE to receive up to $21.8 million for reimbursement of expenses incurred towards building, operating, and optimizing a pilot-scale integrated biorefinery, which has allowed us to develop integrated US-based production capabilities for renewable fuels derived from microalgae at the Peoria Facility. Under the terms of the grant, we are responsible for funding an additional $8.4 million.

We purchased the Peoria Facility in May 2011. We began fermentation operations in the fourth quarter of 2011 and successfully commissioned our integrated biorefinery in June 2012, funded in part by the DOE grant described above. In connection with the closing of the Peoria Facility acquisition, we entered into a promissory note, mortgage and security agreement with the seller in the initial amount of $5.5 million. In March 2013, we paid in full the outstanding principal on this promissory note.

In April 2012, we entered into the Solazyme Bunge JV, which is jointly capitalized by us and Bunge, to construct and operate an oil production facility in Brazil that will utilize our proprietary technology to produce tailored oils from sugar feedstock provided by Bunge. Through September 2013, we contributed approximately $17.3 million in capital to the Solazyme Bunge JV, and we may need to contribute additional capital to this project. In February 2013, the Solazyme Bunge JV entered a loan agreement with the Brazilian Development Bank (BNDES) under which it may borrow up to R$245.7 million (approximately USD $108.8 million based on the exchange rate as of September 30, 2013). As a condition of the Solazyme Bunge JV drawing funds under the loan in excess of amounts supported by bank guarantees, we will be required to provide a corporate guarantee for a portion of the loan (in an amount that when added to the amount supported by our bank guarantee does not to exceed our ownership percentage in the Solazyme Bunge JV). The BNDES funding is supporting Solazyme Bunge JV's first commercial-scale production facility in Brazil, which will reduce the capital requirements funded directly by us and Bunge. We expect to scale up additional manufacturing capacity in a capital-efficient manner by signing additional agreements whereby our partners will invest capital and operational resources in building manufacturing capacity, while also providing access to feedstock. We are currently in discussions with additional potential feedstock and manufacturing partners in Europe, Latin America and the United States to co locate oil production at their mills. Depending on the specifics of each partner discussion, we may

choose to deploy some portion of the equity capital required to construct additional production facilities, as such capital contribution may influence the scope and timing of our relationship. We expect to evaluate the optimal amount of capital expenditures that we agree to fund on a case-by-case basis. These events may require us to access additional capital through equity or debt offerings. If we are unable to access additional capital, our growth may be limited due to the inability to build out additional manufacturing capacity.

In November 2012, we entered into a strategic collaboration agreement with ADM, whereby we have agreed to pay ADM annual fees for use and operation of a portion of its commercial scale facility in Clinton, Iowa, a portion of which may be paid in our common stock. In addition, in March 2013 we issued a series of warrants to ADM for payment in stock, in lieu of cash, at our election, of future annual fees for use and operation of a portion of the Clinton Facility. In January 2013 and November 2013, we made payments to ADM in both common stock and cash.

On May 11, 2011, we entered into a loan and security agreement with Silicon Valley Bank (the bank) that provided for a $20.0 million credit facility (the SVB facility) consisting of (i) a $15.0 million term loan (the term loan) and (ii) a $5.0 million revolving facility (the SVB revolving facility). On May 11, 2011, we borrowed $15.0 million under the term loan portion of the SVB facility. In the first quarter of 2013, the SVB facility was terminated when we paid in full the outstanding principal and interest on this term loan using proceeds from the revolving facility with HSBC Bank, USA, National Association we entered into in March 2013 as described below.

In January 2013, we issued $125.0 million aggregate principal amount of Notes in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Notes bear interest at a fixed rate of 6.00% per year, payable semiannually in arrears on August 1 and February 1 of each year, beginning on August 1, 2013. The Notes are convertible into our common stock and will mature on February 1, 2018, unless earlier repurchased or converted. The Company may not redeem the Notes prior to maturity. The initial conversion price is approximately $8.26 per share of common stock and, under certain circumstances, the Note holders will be entitled to additional payments upon conversion. The Notes are convertible at the option of the holders at any time prior to February 1, 2018 into shares of our common stock at the then-applicable conversion rate. The conversion rate is initially 121.1240 shares of common stock per $1,000 principal amount of Notes. In the event the Notes are converted prior to November 1, 2016 (other than conversions in connection with certain fundamental changes described below), in addition to the shares deliverable upon conversion, the holders are entitled to receive an early conversion payment of $83.33 per $1,000 principal amount of Notes surrendered for conversion that may be settled, at the Company's election, in cash or, subject to satisfaction of certain conditions, in shares of our common stock. If we undergo a fundamental change (as defined in the indenture entered into with the trustee), Note holders may require that we repurchase for cash all or part of their Notes at a purchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, if fundamental changes occur, we may be required in certain circumstances to increase the conversion rate for any Notes converted in connection with such fundamental changes by a specified number of shares of our common stock. Certain Note holders elected to convert their Notes prior to November 2016 and, as of September 30, 2013, we had issued approximately 5.5 million shares of our common stock to settle both the Note conversions and early conversion payments. We had $80.8 million aggregate principal amount of Notes outstanding as of September 30, 2013.

On March 26, 2013, we entered into a loan and security agreement with HSBC Bank, USA, National Association (HSBC) that provides for a $30.0 million revolving facility (the HSBC facility) for working capital, letters of credit denominated in U.S. dollars or a foreign currency and other general corporate purposes, and in May 2013 we entered into an amendment to increase the HSBC facility to $35.0 million. Also on March 26, 2013, we drew down approximately $10.4 million under the HSBC facility to repay the outstanding term loan plus accrued interest under the SVB facility. The HSBC facility is unsecured unless (i) we take action that could cause or permit obligations under the HSBC facility not to constitute senior debt (as defined in the indenture dated as of January 24, 2013 (the indenture) by and between us and Wells Fargo Bank, National Association, as trustee), (ii) we breach financial covenants that require us and our subsidiaries to maintain cash and unrestricted cash equivalents at all times of not less than $35.0 million plus one hundred ten percent of the aggregate dollar equivalent amount of outstanding advances and letters of credit under the HSBC facility, or (iii) there is a payment default under the HSBC facility or bankruptcy or insolvency events relating to us. As of September 30, 2013, $10.4 million was outstanding under the HSBC facility and we were in compliance with all the financial covenants under the loan. A portion of the HSBC facility supports the bank guarantee issued to BNDES in May 2013. Therefore, $8.8 million of the HSBC facility remained available as of September 30, 2013.

We believe that our current cash, cash equivalents, marketable securities, revenue from product sales and net proceeds from the Notes issued in January 2013 will be sufficient to fund our current operations for at least the next 12 months. However, our liquidity assumptions may prove to be wrong, and we could utilize our available financial resources sooner than we currently expect. We may elect to raise additional funds within this period of time through public or private debt or equity financings and/or additional collaborations.

Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under "Risk Factors" elsewhere in this Quarterly Report on Form 10-Q. We may not be able to secure additional financing to meet our funding requirements on acceptable terms, if at all. If we raise additional funds by issuing equity securities, dilution to our existing stockholders may result. If we are unable to obtain additional funds, we will have to reduce our operating costs and delay our manufacturing and research and development programs.

Cash Flows from Operating Activities

Cash used in operating activities of $56.9 million in the nine months ended September 30, 2013 reflect a loss of $83.1 million, and a net change of $4.8 million in our net operating assets and liabilities, partially offset by aggregate non-cash charges of $31.0 million. Non-cash charges primarily included $14.5 million of stock-based compensation, a $5.5 million loss on equity method investments, $4.4 million related to the revaluation of our derivative liability, $3.6 million of depreciation and amortization, $1.3 million of net amortization of premiums on marketable securities and $1.2 million of debt discount and loan fee amortization. The net change in our operating assets and liabilities was primarily a result of increased accounts receivable and unbilled revenue of $6.3 million, increased deferred revenues of $2.2 million, increased inventories of $1.6 million, and increased accounts payable and accrued liabilities of $0.9 million. Accounts receivable and unbilled revenue increased primarily due to billing related to research and development agreements entered into in the nine months ended September 30, 2013 and timing of payments received on accounts receivables from strategic partners. Deferred revenues increased due primarily to the timing of payments received under our R&D programs. Inventories increased to meet increased consumer demand and due to the expansion of our skincare line. The net decrease in accounts payable and accrued liabilities was due to payments made for employee bonuses and expenditures made to complete the buildout of the integrated biorefineries (in Peoria and in the South San Francisco pilot plant) partially funded by the DOE and CEC, partially offset by interest accrued on our Notes.

Cash used in operating activities of $52.3 million in the nine months ended September 30, 2012 reflect a loss of $58.5 million, and a net change of $9.6 million in our net operating assets and liabilities, partially offset by aggregate non-cash charges of $15.9 million. Non-cash charges primarily included $11.6 million of stock-based compensation, $2.1 million of net amortization of premiums on marketable securities, $2.5 million of depreciation and amortization, $1.5 million gain on revaluation of warrant liability and $1.2 million loss on an equity method investment. The net change used in our operating assets and liabilities was primarily a result of increases in inventories of $3.3 million, decreased deferred revenue of $3.0 million and decreases in accounts payable and accrued liabilities of $2.8 million. Inventories increased due to increased production of Algenist ® product to meet higher customer demand. Deferred revenue decreased primarily due to timing of payments received on R&D programs. Accounts payable and accrued liabilities decreased primarily due to payments made to third-party contract manufacturers and employee bonus payments.

Cash Flows from Investing Activities

In the nine months ended September 30, 2013, cash used in investing activities was $25.7 million, primarily as a result of $10.9 million of net marketable securities purchases, $7.4 million of capital contributed to the Solazyme Bunge JV and the Solazyme Roquette JV and $6.5 million of capital expenditures related primarily to equipment installed at the Clinton Facility.

In the nine months ended September 30, 2012, cash provided by investing activities was $50.1 million, primarily as a result of $71.1 million of net marketable securities maturities, partially offset by $10.0 million of capital contributed to the Solazyme Bunge JV and $11.0 million of capital expenditures related primarily to the construction of the Peoria Facility.

Cash Flows from Financing Activities

In the nine months ended September 30, 2013, cash provided by financing activities was $118.9 million, primarily due to $119.2 million of proceeds received from the issuance of the Notes, net of debt discounts and debt issue costs, $10.4 million of loan proceeds received from HSBC and $4.3 million received from common stock issuances pursuant to our equity plans, partially offset by $14.9 million of principal debt payments.

In the nine months ended September 30, 2012, cash used in financing activities was $1.8 million, primarily due to $4.5 million of repayments under loan agreements, partially offset by proceeds of $2.7 million received from common stock issuances pursuant to our equity plans.

Contractual Obligations and Commitments

The following is a summary of our contractual obligations and commitments as of September 30, 2013 (in thousands):

	Total	Remainder of 2013	2014	2015	2016	2017 and beyond
Principal payments on long-term debt	$ 92,233	$ 15	$ 65	$10,374	$ —	$ 81,779
Interest payments on long-term debt, fixed rate	22,520	76	5,202	4,975	4,907	7,360
Non-cancellable operating leases	13,157	5,152	2,681	5,324	—	—
Purchase obligations	3,659	1,309	1,175	1,175	—	—
Total	$131,569	$ 6,552	$9,123	$21,848	$4,907	$ 89,139

This table does not reflect (1) a lease agreement entered into in May 2011 for facility space in Brazil; the lease term is five years, commencing on April 1, 2011 and expiring on April 1, 2016; the rent is 30,500 *Brazilian Real* (approximately $13,500 based on the exchange rate at September 30, 2013) per month and is subject to an annual inflation adjustment; this lease is cancelable at any time, subject to a maximum three month rent penalty, (2) fees expected to be incurred related to the bank guarantee issued to BNDES in May 2013, and (3) that portion of the expenses that we expect to incur, up to $0.7 million from October through March 31, 2014, in connection with research activities under the DOE program for which we will not be reimbursed.

We currently lease approximately 96,000 square feet of office and laboratory space in South San Francisco, California. Operating leases also include annual fees to use and operate a portion of the Clinton Facility, a portion of which may be paid in our common stock.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our condensed consolidated balance sheets.

Recent Accounting Pronouncements

Refer to Note 2 in the accompanying notes to our unaudited condensed consolidated financial statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to financial market risks, primarily changes in interest rates, currency exchange rates and commodity prices. All of the potential changes noted below are based on sensitivity analyses performed on our financial positions as of September 30, 2013. Actual results may differ materially.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and our outstanding debt obligations. We generally invest our cash in investments with short maturities or with frequent interest reset terms. Accordingly, our interest income fluctuates with short-term market conditions. As of September 30, 2013, our investment portfolio consisted primarily of corporate debt obligations, US government agency securities, asset-backed and mortgaged-backed securities, municipal bonds and money market funds, which are held for working capital purposes. We believe we do not have material exposure to changes in fair value as a result of changes in interest rates. Our marketable securities were comprised primarily of fixed-term securities as of September 30, 2013. Due to the short-term nature of these instruments, we do not believe that there would be a significant negative impact to our consolidated financial position or results of operations as a result of interest rate fluctuations in the financial markets. On March 26, 2013 we entered into the HSBC revolving facility, which bears a variable interest rate based on LIBOR during the two-year funding period. As of September 30, 2013, the HSBC loan had a balance of $10.4 million. A 1.0% increase or decrease in the underlying interest rate for this obligation will increase or decrease interest expense by approximately $0.1 million annually, assuming debt remains constant at September 30, 2013 levels. Our other outstanding debt as of September 30, 2013 consists of fixed-rate debt, and therefore, is not subject to fluctuations in market interest rates.

Foreign Currency Risk

Our operations include manufacturing and sales activities primarily in the United States, as well as research activities primarily in the United States. We are actively expanding outside the United States, in particular in Brazil through our Solazyme Bunge JV. We also launched the Algenist ® product line in Europe in March 2011 and conduct operations in Brazil. As we expand internationally, our results of operations and cash flows will become increasingly subject to fluctuations due to changes in foreign currency exchange rates. For example, our operations in Brazil and / or potential expansion elsewhere in Latin America or increasing Euro denominated product sales to European distributors, will result in our use of currencies other than the US dollar. In addition, the local currency is the functional currency of our Brazil subsidiary, and therefore the assets and liabilities are translated from its functional currency to U.S. dollars at the exchange rate in effect at the balance sheet date, with resulting foreign currency translation adjustments recorded in accumulated other comprehensive income (loss) in the consolidated statements of comprehensive loss. As a result, our comprehensive income (loss), cash flows and expenses are subject to fluctuations due to changes in foreign currency exchange rates. In periods when the US dollar declines in value as compared to the foreign currencies in which we incur expenses, our foreign-currency based expenses increase when translated into US dollars. We have not hedged our foreign currency since the exposure has not been material to our historical operating results. Although substantially all of our sales are currently denominated in US dollars, future fluctuations in the value of the US dollar may affect the price competitiveness of our products outside the United States. We may consider hedging our foreign currency risk as we continue to expand internationally.

Commodity Price Risk

Our exposure to market risk for changes in commodity prices currently relates primarily to our purchases of plant sugar feedstock. We have not historically hedged the price volatility of plant sugar feedstock. In the future, we may manage our exposure to this risk by hedging the price volatility of feedstock, principally through futures contracts, and entering into joint venture agreements that would enable us to obtain secure access to feedstock.

Item 4. Controls and Procedures.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired objectives. In reaching a reasonable level of assurance, management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2013 at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarterly period ended September 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations. We are not currently involved in any material legal proceedings.

Item 1A. Risk Factors.

You should carefully consider the risks described below before investing in our publicly-traded securities. Additional risks not presently known to us or that our management currently deems immaterial also may impair our business operations. If any of the risks described below were to occur, our business, financial condition, operating results, and cash flows could be materially adversely affected. In such an event, the trading price of our common stock could decline and you could lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in this Report, including our consolidated financial statements and related notes. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward looking statements. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Forward Looking Statements.

Risks Related to Our Business and Industry

We have a limited operating history and have incurred significant losses to date, anticipate continuing to incur losses and may never achieve or sustain profitability.

We are an early stage company with a limited operating history. We only recently began commercializing our products. To date, a substantial portion of our revenues has consisted of funding from third party collaborative research agreements and government grants. We have only generated limited revenues from commercial sales, which have been principally derived from sales of our nutrition and skin and personal care products. Although we expect a significant portion of our future revenues to come from commercial sales in the food ingredients, chemicals and fuels markets, only a small portion of our revenues to date has been generated from market development activities. We have not yet commercialized any of our oils in the food ingredients or chemicals market.

We have incurred substantial net losses since our inception, including a net loss of $83.1 million during the nine months ended September 30, 2013. We expect these losses may continue as we expand our manufacturing capacity and build out our product pipeline. As of September 30, 2013, we had an accumulated deficit of $273.0 million. For the foreseeable future, we expect to incur additional costs and expenses related to the continued development and expansion of our business, including research and development, the build-out and operation of our Peoria Facility, the construction and operation of the Solazyme Bunge JV production facility (described below), the retrofitting of the Clinton Facility (described below) and other commercial facilities. As a result, our annual operating losses may continue in the short term.

We, along with our development and commercialization partners, will need to develop products successfully, produce them in large quantities cost effectively, and market and sell them profitably. If our products do not achieve market acceptance, we will not become profitable on a quarterly or annual basis. If we fail to become profitable, or if we are unable to fund our continuing losses, we may be unable to continue our business operations. There can be no assurance that we will ever achieve or sustain profitability.

We have generated limited revenues from the sale of our products, and our business may fail if we are not able to successfully commercialize these products.

We have had only limited product sales to date. If we are not successful in further advancing our existing commercial arrangements with strategic partners, developing new arrangements, or otherwise increasing our manufacturing capacity and securing reliable access to sufficient volumes of low-cost feedstock, we will be unable to generate meaningful revenues from our products. We are subject to the substantial risk of failure facing businesses seeking to develop products based on a new technology. Certain factors that could, alone or in combination, prevent us from successfully commercializing our products include:

- our ability to secure reliable access to sufficient volumes of low-cost feedstock;
- our ability to achieve commercial-scale production of our products on a cost effective basis and in a timely manner;
- technical challenges with our production processes or with development of new products that we are not able to overcome;
- our ability to establish and maintain successful relationships with development, feedstock, manufacturing and commercialization partners;
- our ability to gain market acceptance of our products with customers and maintain customer relationships;
- our ability to manage our growth;

- our ability to secure and maintain necessary regulatory approvals for the production, distribution and sale of our products and to comply with applicable laws and regulations;
- actions of direct and indirect competitors that may seek to enter the markets in which we expect to compete or that may seek to impose barriers to one or more markets that we intend to target; and
- public concerns about the ethical, legal, environmental and social ramifications of the use of targeted recombinant technology, land use and the diversion of resources from food production.

The production of our microalgae-based oils and bioproducts requires fermentable feedstock. The inability to obtain feedstock in sufficient quantities or in a timely and cost-effective manner may limit our ability to produce our products.

A critical component of the production of our oils and bioproducts is access to feedstock in sufficient quantities and at an acceptable price to enable commercial production and sale. Other than as described below, we currently purchase feedstock, such as sugarcane-based sucrose and corn-based dextrose, for the production of our products at prevailing market prices. We are currently in discussions with additional potential feedstock partners.

Except for the supply of feedstock to Solazyme Bunge Produtos Renováveis Ltda. (Solazyme Bunge Renewable Oils or the Solazyme Bunge JV) for triglyceride oil products for sale and use in Brazil by our partner, Bunge Global Innovation, LLC and certain of its affiliates (Bunge), pursuant to our joint venture arrangement that includes a feedstock supply agreement, and pursuant to our strategic collaboration with Archer-Daniels-Midland Company (ADM) (Solazyme/ADM Collaboration) at the ADM fermentation facility in Clinton, Iowa (Clinton Facility), we do not have any long-term supply agreements or other guaranteed access to feedstock. As we scale our production, we anticipate that the production of our oils for the food ingredients, chemicals and fuels markets will require large volumes of feedstock and we may not be able to contract with feedstock producers to secure sufficient quantities of feedstock at reasonable costs or at all. For example, corn-based dextrose feedstock for the Clinton Facility will be provided from ADM's adjacent wet mill and sugarcane-based sucrose for the Solazyme Bunge JV facility in Moema, Brazil will be provided by Bunge. Corn and sugar are traded as commodities and are subject to price volatility. While we will seek to manage our exposure to fluctuations in the price of sugar and corn-based dextrose by entering into hedging transactions directly or through our joint venture or collaboration arrangements, we may not be successful in doing so. If we cannot access feedstock in the quantities we need at acceptable prices, we may not be able to successfully commercialize our food ingredients, chemicals and fuels products, and our business will suffer. We are currently in discussions with additional potential feedstock partners in Europe, Latin America and the United States. We cannot be sure that we will successfully execute additional long-term feedstock contracts on terms favorable to us, or at all. If we do not succeed in entering into long-term supply contracts, successfully hedge against our exposure to fluctuations in the price of feedstock or otherwise procure feedstock as and when needed, our costs and profit margins may fluctuate from period to period as we will remain subject to prevailing market prices.

Although our plan is to enter into partnerships, such as the Solazyme Bunge JV and the Solazyme/ADM Collaboration, with feedstock providers to supply the feedstock necessary to produce our products, we cannot predict the future availability or price of such feedstock or be sure that our feedstock partners will be able to supply such feedstock in sufficient quantities or in a timely manner. The prices of feedstock depend on numerous factors outside of our or our partners' control, including weather conditions, government programs and regulations, changes in global demand resulting from population growth and changes in standards of living, rising or falling commodities and equities markets, and availability of credit to producers. Crop yields and sugar content depend on weather conditions such as rainfall and temperature. Variable weather conditions have historically caused volatility in feedstock crop prices due to crop failures or reduced harvests. For example, excessive rainfall can adversely affect the supply of feedstock available for the production of our products by reducing the sucrose content of feedstock and limiting growers' ability to harvest. Crop disease and pestilence can also occur from time to time and can adversely affect feedstock crop growth, potentially rendering useless or unusable all or a substantial portion of affected harvests. The limited amount of time during which feedstock crops keep their sugar content after harvest poses a risk of spoilage. Also, the fact that many feedstock crops are not themselves traded commodities limits our ability to substitute supply in the event of such an occurrence. If our ability to obtain feedstock crops is adversely affected by these or other conditions, our ability to produce our products will be impaired, and our business will be adversely affected. In the near term we believe Brazilian sugarcane-based sucrose will be an important feedstock for us. Along with the risks described above, Brazilian sugarcane prices may also increase due to, among other things, changes in the criteria set by the Conselho dos Produtores de Cana, Açúcar e Álcool (Council of Sugarcane, Sugar and Ethanol Producers), known as Consecana. Consecana is an industry association of producers of sugarcane, sugar and ethanol that sets market terms and prices for general supply, lease and partnership agreements and may change such prices and terms from time to time. Moreover, Brazil has a developed industry for producing ethanol from sugarcane, and if we have manufacturing operations in Brazil that do not have a partner providing the sugarcane feedstock, such as Bunge as part of the Solazyme Bunge JV, we will need to compete for sugarcane feedstock with ethanol producers. Such changes and competition could result in higher sugarcane prices and/or a significant decrease in the volume of sugarcane available for the production of our products, which could adversely affect our business and results of operations.

We have entered into, and plan to enter into other, arrangements with feedstock producers to co-locate oil production at their existing mills, and if we are not able to complete and execute on these arrangements in a timely manner and on terms favorable to us, our business will be adversely affected.

In April 2012, we entered into a Joint Venture Agreement with Bunge, forming the Solazyme Bunge JV which is doing business as Solazyme Bunge Renewable Oils. The Solazyme Bunge JV will produce triglyceride oils in Brazil for sale into the Brazilian market using our proprietary technology and sugarcane feedstock provided by Bunge. The Solazyme Bunge JV's production facility is located adjacent to a sugarcane processing mill in Brazil that is owned by Bunge. The acquisition of the facility site by the Solazyme Bunge JV from the landowners is in process, is complex, is subject to multiple approvals from governmental authorities and will take time to complete. The construction of the Solazyme Bunge JV's production facility began in June 2012 and commissioning is underway, with expected first commercially saleable product in the first quarter of 2014. In addition, in May 2011, we entered a joint development agreement with Bunge that, among other things, advances our work on Brazilian sugarcane feedstocks and extends through September 2014. In May 2011, we entered into a Warrant Agreement, amended in August 2011, with Bunge Limited that vests upon the successful completion of milestones that ultimately target the completion of construction of the Solazyme Bunge JV facility in 2013 with a nameplate capacity of 100,000 metric tons of output oil. We intend to continue to expand our manufacturing capacity by entering into additional agreements with feedstock producers that require them to invest some or all of the capital needed to build new production facilities to produce our oils. In return, we expect to share in profits anticipated to be realized from the sale of these products. We are currently in discussions with additional potential feedstock and manufacturing partners in Latin America and the United States.

In November 2012, we and ADM entered into a Strategic Collaboration Agreement (Collaboration Agreement), establishing the Solazyme/ADM Collaboration for the production of tailored triglyceride oil products at the Clinton Facility. The Clinton Facility will produce tailored triglyceride oil products using our proprietary microbe-based catalysis technology. Feedstock for the facility will be provided from ADM's adjacent wet mill. Under the terms of the Collaboration Agreement, we agreed to pay ADM annual fees for use and operation of a portion of the Clinton Facility, a portion of which may be paid in our common stock. In addition, we have granted to ADM a warrant covering 500,000 shares of our common stock, which vests in equal monthly installments over five years, commencing in November 2013, as agreed by ADM and us in July 2013. We currently anticipate that commercial production at the Clinton Facility will begin by early 2014. The initial target nameplate capacity of the facility is expected to be 20,000 metric tons per year of tailored triglyceride oil products. We have an option to expand the capacity to 40,000 metric tons per year, with the goal to further expand production to 100,000 metric tons per year. There can be no assurance that commercial production at the Clinton Facility will commence on the anticipated timeline or that we will expand the capacity of the facility. We and ADM are also working together to develop markets for the products produced at the Clinton Facility.

There can be no assurance that a sufficient number of other sugar or other feedstock mill owners will accept the opportunity to partner with us for the production of our oils. Reluctance on the part of mill owners may be caused, for example, by their failure to understand our technology or product opportunities or their belief that greater economic benefits can be achieved from partnering with others. Mill owners may also be reluctant or unable to obtain needed capital; alternatively, if mill owners are able to obtain debt financing, we may be required to provide a guarantee. Limitations in the credit markets, such as those experienced in the recent economic downturn or historically in developing nations as a result of government monetary policies designed in response to very high rates of inflation, would impede or prevent this kind of financing and could adversely affect our ability to develop the production capacity needed to allow us to grow our business. Mill owners may also be limited by existing contractual obligations with other third parties, liability, health and safety concerns and additional maintenance, training, operating and other ongoing expenses.

Even if additional feedstock partners are willing to co-locate our oil production at their mills, they may do so only on economic terms that place more of the cost, or confer less of the economic return, on us than we currently anticipate. If we are not successful in negotiations with mill owners, our cost of securing additional manufacturing capacity may be higher than anticipated in terms of up-front costs, capital expenditure or lost future returns, and we may not gain the manufacturing capacity that we need to grow our business.

Our pursuit of new product opportunities may not be technologically feasible or cost effective, which would limit our ability to expand our product line and sources of revenues.

We intend to commit substantial resources, alone or with collaboration partners, to the development and analysis of new tailored oils by applying recombinant technology to our microalgae strains. There is no guarantee that we will be successful in creating new tailored oil profiles that we, our partners or their customers desire. There are significant technological hurdles in successfully applying recombinant technology to microalgae, and if we are unsuccessful at engineering microalgae strains that produce desirable tailored oils, the number and size of the markets we will be able to address will be limited, our expected profit margins could be reduced and the potential profitability of our business could be compromised.

The successful development of our business depends on our ability to efficiently and cost-effectively produce microalgae-based oils at large commercial scale.

Two of the significant drivers of our production costs are the level of productivity and conversion yield of our microalgae strains. Productivity is principally a function of the amount of oil that can be obtained from a given volume over a particular time period. Conversion yield refers to the amount of the desired oil that can be produced from a fixed amount of feedstock. We may not be able to meet our currently expected production cost profile as we bring large commercial manufacturing capacity online. If we cannot do so, our business could be materially and adversely affected.

Production of both current and future oils will require that our technology and processes be scalable from laboratory, pilot and demonstration projects to large commercial-scale production. We do not have experience constructing or managing large, commercial-scale manufacturing facilities. We may not have identified all of the factors that could affect our manufacturing processes. Our technology may not perform as expected when applied at large commercial scale, or we may encounter operational challenges for which we are unable to identify a workable solution. For example, contamination in the production process, problems with plant utilities, human error, issues arising from process modifications to reduce costs and adjust product specifications, and other similar challenges could decrease process efficiency, create delays and increase our costs. To date we have employed our technology using fermenters with a capacity of up to 500,000 liters. However, we still need to reproduce our commercial productivity at fermenters with a capacity of 500,000 liters, and our commercial productivity and yields using fermenters with a capacity of approximately 625,000 liters. We may not be able to scale up our production in a timely manner, on commercially reasonable terms, or at all. If we are unable to manufacture products at a large commercial scale, our ability to commercialize our technology will be adversely affected, and, with respect to any products that we do bring to market, we may not be able to achieve and maintain an acceptable production cost profile, which would adversely affect our ability to reach, maintain and increase the profitability of our business.

We rely in part on third parties for the production and processing of our products. If these parties do not produce and process our products at a satisfactory quality, in a timely manner, in sufficient quantities and at an acceptable cost, our development and commercialization efforts could be delayed or otherwise negatively impacted.

Other than our Peoria Facility, we do not own facilities that can produce and process our products other than at small scale. As such, we rely, and we expect to continue to rely, at least partially, on third parties (including partners and contract manufacturers) for the production and processing of our products. Currently, we have two manufacturing arrangements for industrial fermentation: an agreement for the future manufacture of certain triglyceride oil products by the Solazyme Bunge JV pursuant to a joint venture arrangement and the future manufacture of tailored triglyceride oil products at the Clinton Facility. We also have manufacturing agreements relating to other aspects of our production process. Our current and anticipated future dependence upon our partners and contract manufacturers for the production and processing of our products may adversely affect our ability to develop products on a timely and competitive basis. The failure of any of our counterparties to provide acceptable products could delay the development and commercialization of our products. We or our partners will need to enter into additional agreements for the commercial development, manufacturing and sale of our products. There can be no assurance that we or our partners can do so on favorable terms, if at all. Even if we reach agreements with manufacturing partners to produce and process our products, initially the partners will be unfamiliar with our technology and production processes. We cannot be sure that the partners will have or develop the operational expertise needed to run the additional equipment and processes required to manufacture our products. Further, we may have limited control over the amount or timing of resources that any partner is able or willing to devote to production and processing of our products.

To date, our products have been produced and processed in quantities sufficient for our development work. For example, we delivered more than 400,000 liters (373 metric tons) of microalgae-derived military marine diesel and jet fuel to the US Navy in 2011. Even if there is demand for our products at a commercial scale, we or our partners may not be able to successfully increase the production capacity for any of our products in a timely or economic manner or at all. In addition, to the extent we are relying on contract manufacturers to produce and process our products, we cannot be sure that such contract manufacturers will have capacity available when we need their services, that they will be willing to dedicate a portion of their production and/or processing capacity to our products or that we will be able to reach acceptable price and other terms with them for the provision of their production and/or processing services. If we, our partners or our contract manufacturers are unable to increase the production capacity for a product when and as needed, the commercial launch of that product may be delayed, or there may be a shortage of supply, which could limit sales, cause us to lose customers and sales opportunities and impair the growth of our business.

In addition, if a facility or the equipment in a facility that produces and/or processes our products is significantly damaged, destroyed or otherwise becomes unavailable, we or our partners may be unable to replace the manufacturing capacity quickly or cost effectively. The inability to enter into manufacturing agreements, the damage or destruction of a facility upon which we or our partners rely for manufacturing or any other delays in obtaining supply would delay or prevent us and/or our partners from further developing and commercializing our products.

We may experience significant delays in financing, designing and constructing large commercial manufacturing facilities, which could result in harm to our business and prospects.

Our business plan contemplates bringing significant commercial manufacturing capacity online over the next several years. In order to meet our capital requirements for those facilities, we may have to raise additional funds and may be unable to do so in a timely manner, in sufficient amounts and on terms that are favorable to us, if at all. If we fail to raise sufficient funds, our ability to finance and construct additional manufacturing facilities could be significantly limited. If this happens, we may be forced to delay the commercialization of our products and we will not be able to successfully execute our business plan, which would harm our business.

The Solazyme Bunge JV is currently constructing an oil production facility adjacent to Bunge's Moema sugarcane mill in Brazil and commissioning is underway, with expected first commercially saleable product in the first quarter of 2014. The production facility is expected to have a name plate capacity of 100,000 metric tons per year of oil. In February 2013, the Solazyme Bunge JV entered a loan agreement with the Brazilian Development Bank (BNDES) for project financing. Funds borrowed under the loan agreement will support the production facility in Brazil, including a portion of the construction costs of the facility. We have used a portion of our $35.0 million revolving facility with HSBC Bank, USA, National Association (HSBC) to support a bank guarantee of the BNDES loan, and the Solazyme Bunge JV has begun drawing funds under the BNDES loan. As a condition of the Solazyme Bunge JV drawing funds under the loan in excess of amounts supported by bank guarantees, we will be required to provide a corporate guarantee of a portion of the loan (in an amount that, when added to the amount supported by our bank guarantee, does not exceed our ownership percentage in the Solazyme Bunge JV). Negotiating the terms of the corporate guarantee documentation may take longer than anticipated and may contain terms that are not favorable to us. If we are unable to negotiate our corporate guarantee documentation on acceptable terms, the Solazyme Bunge JV will be unable to draw down the maximum amount available under the BNDES loan, it will have to seek additional financing and may not be able to raise sufficient additional funds on favorable terms, if at all. If the Solazyme Bunge JV is unable to secure additional financing, we will be required to fund our portion of the Solazyme Bunge JV's capital requirements either from existing sources or seek additional financing. The acquisition of the facility site from the landowners is in process, is complex, is subject to multiple approvals of governmental authorities and will take time to complete. If the Solazyme Bunge JV is unable to acquire the facility site on reasonable terms, or at all, it may not be able to operate the oil production facility and may lose all or part of its investment in such facility.

Furthermore, we will need to construct, or otherwise secure access to, and fund, additional capacity significantly greater than what we are in the process of building as we continue to commercialize our products. We expect commercial products will be available from the Clinton and Galva Facilities by early 2014, we expect first commercially saleable oils at the Solazyme Bunge JV facility in the first quarter of 2014, and we expect to bring online additional facilities thereafter. Although we intend to enter into arrangements with third parties to meet our capacity targets, it is possible that we will need to construct our own facility or facilities to meet a portion or all of these targets. We have limited experience in the construction of commercial production facilities and, if we decide to construct our own facility, we will need to secure necessary funding, complete design and other plans needed for the construction of such facility and secure the requisite permits, licenses and other governmental approvals, and we may not be successful in doing so. The construction of any such facility would have to be completed on a timely basis and within an acceptable budget. In addition, there may be delays related to the acquisition of facility sites, which could delay the development and commercialization of our products. Any facility, whether owned by a third party or by us, must perform as designed once it is operational. If we encounter significant delays, cost overruns, engineering problems, equipment supply constraints or other serious challenges in bringing any of these facilities online, we may be unable to meet our production goals in the time frame we have planned. In addition, we have limited experience in the management of manufacturing operations at large scale. We may not be successful in producing the amount and quality of oil or bioproduct we anticipate in the facilities and our results of operations may suffer as a result. We have limited experience producing our products at commercial scale, and we will not succeed if we cannot maintain or decrease our production costs and effectively scale our technology and manufacturing processes.

If we fail to maintain and successfully manage our existing, or enter into new, strategic collaborations, we may not be able to develop and commercialize many of our products and achieve or sustain profitability.

Our ability to enter into, maintain and manage collaborations in our target markets is fundamental to the success of our business. We currently have joint venture, collaboration, research and development, supply and/or distribution agreements with various strategic partners. We currently rely on our partners, in part, for manufacturing and sales or marketing services and intend to continue to do so for the foreseeable future, and we intend to enter into other strategic collaborations to produce, market and sell other products we develop. However, we may not be successful in entering into collaborative arrangements with third parties for the production and sale and marketing of other products. Any failure to enter into collaborative arrangements on favorable terms could delay or hinder our ability to develop and commercialize our products and could increase our costs of development and commercialization.

In the chemicals and fuels markets, we have entered into a joint venture arrangement with Bunge that will focus on the production of triglyceride oils in Brazil for sale in the Brazilian market, and development agreements with Bunge, Unilever, Mitsui & Co., Ltd. and The Dow Chemical Company (Dow). In addition, we have entered into a strategic collaboration with ADM for the production of tailored triglyceride oil products to be sold primarily to the industrial and nutritionals markets in North America. In the

skin and personal care market, we have entered into arrangements with Sephora S.A. and its affiliates (Sephora), QVC, Inc. and others. There can be no guarantee that we can successfully manage these strategic collaborations. Under our agreement with Sephora, we bear a significant portion of the costs and risk of marketing the products, but do not exercise sole control of marketing strategy. In some cases, we will need to meet certain milestones to continue our activities with these partners. Moreover, the exclusivity provisions of certain strategic arrangements limit our ability to otherwise commercialize our products.

Pursuant to the agreements listed above and similar arrangements that we may enter into in the future, we may have limited or no control over the amount or timing of resources that any partner is able or willing to devote to our products or collaborative efforts. Any of our partners may fail to perform their obligations as expected. These partners may breach or terminate their agreements with us or otherwise fail to conduct their collaborative activities successfully and in a timely manner. Further, our partners may not develop products arising out of our arrangements or devote sufficient resources to the development, manufacture, marketing, or sale of our products. Dependence on collaborative arrangements will also subject us to other risks, including:

- we may be required to relinquish important rights, including intellectual property, marketing and distribution rights;
- we may disagree with our partners as to rights to intellectual property we develop, or their research programs or commercialization activities;
- we may have lower revenues than if we were to market and distribute such products ourselves;
- a partner could separately develop and market a competing product either independently or in collaboration with others, including our competitors;
- our partners could become unable or less willing to expend their resources on research and development or commercialization efforts due to general market conditions, their financial condition or other circumstances beyond our control;
- we may be unable to manage multiple simultaneous partnerships or collaborations; and
- our partners may operate in countries where their operations could be adversely affected by changes in the local regulatory environment or by political unrest.

Moreover, disagreements with a partner could develop, and any conflict with a partner could reduce our ability to enter into future collaboration agreements and negatively impact our relationships with one or more existing partners. In addition, disagreements with a partner could result in disputes or litigation and could require substantial time and money to resolve. If any of these events occur, or if we fail to maintain our agreements with our partners, we may not be able to commercialize our existing and potential products, grow our business or generate sufficient revenues to support our operations.

Additionally, our business could be negatively impacted if any of our partners undergoes a change of control or were to otherwise assign the rights or obligations under any of our agreements to a competitor of ours or to a third party who is not willing to work with us on the same terms or commit the same resources as the current partner.

Our relationship with our strategic partner ADM may not prove successful.

We have entered into the Solazyme/ADM Collaboration, which will focus on the production of tailored triglyceride oil products at the Clinton Facility. The Clinton Facility will produce tailored triglyceride oil products using our proprietary microbe-based catalysis technology. Feedstock for the facility will be provided from ADM's adjacent wet mill. Under the terms of the Collaboration Agreement, we will pay ADM annual fees for use and operation of a portion of the Clinton Facility, a portion of which may be paid in our common stock.

Our ability to generate value from the Solazyme/ADM Collaboration will depend, among other things, on our ability to work cooperatively with ADM for the production of tailored triglyceride oil products at the Clinton Facility. We may not be able to do so. For example, under the Solazyme/ADM Collaboration, ADM has agreed to provide feedstock and utility services to the Clinton Facility as well as operating services. ADM does not have previous experience working with our technology, and we cannot be sure that ADM will be successful in producing our tailored triglyceride oil products in amounts we may require, at a satisfactory quality and/or in a cost-effective manner. Subject to limited exceptions and adjustments, we will be responsible for annual fees regardless of ADM's success in producing our tailored triglyceride oil products in acceptable quantities, at satisfactory quality and at acceptable costs. In addition, there may be delays related to the retrofitting and permitting of the Clinton Facility, which would delay the production and commercialization of our tailored triglyceride oil products and could increase our costs. Furthermore, the agreements governing our Solazyme/ADM Collaboration are complex and cover a range of future activities, and disputes may arise between us and ADM that could delay the production and commercialization of our tailored triglyceride oil products or cause the termination of the Solazyme/ADM Collaboration. Additionally, downstream processing of products produced at the Clinton Facility is being performed at the facilities of third-party manufacturing partners. Any business or operations interruption at the facilities of such third parties could delay the production and commercialization of our products and could increase our costs.

Our relationship with our strategic partner Bunge may not prove successful.

We have entered into a joint venture with Bunge that will focus on the production of certain triglyceride oils in Brazil for sale into Brazilian markets. In connection with the establishment of the Solazyme Bunge JV, we entered into a development agreement and other agreements with Bunge and the Solazyme Bunge JV.

Our ability to generate value from the Solazyme Bunge JV will depend, among other things, on our ability to work cooperatively with Bunge and the Solazyme Bunge JV for the commercialization of the Solazyme Bunge JV's products. We may not be able to do so. For example, under the joint venture, Bunge has agreed to provide feedstock as well as utility services to the production facility. We and Bunge have both agreed to provide various administrative services to the Solazyme Bunge JV, and Bunge will also provide working capital to the Solazyme Bunge JV through a revolving loan facility, with a portion of the repayment for start-up expenses to be guaranteed by us. Bunge does not have previous experience working with our technology, and we cannot be sure that the Solazyme Bunge JV will be successful in commercializing its products. In addition, there may be delays related to the acquisition of the facility site from the landowners and construction of the Solazyme Bunge JV production facility. There may also be delays in our negotiation of the corporate loan guarantee to be entered into as a condition of the Solazyme Bunge JV drawing down amounts in excess of amounts supported by bank guarantees under the loan agreement with BNDES. Any of these events would delay the development and commercialization of the Solazyme Bunge JV products. Furthermore, the agreements governing our partnership are complex and cover a range of future activities, and disputes may arise between us and Bunge that could delay completion of the Solazyme Bunge JV facility and/or the expansion of the Solazyme Bunge JV's capacity and the development and commercialization of the Solazyme Bunge JV's products or cause the dissolution of the Solazyme Bunge JV.

Our joint venture with Roquette has been dissolved. We have disputes with Roquette as to several issues related to the dissolution of the joint venture. We may have other disputes with Roquette related to the joint venture. We may also have disputes related to the ability of others to pursue the joint venture's business.

In 2010, we entered into a 50/50 joint venture with Roquette Frères, S.A. (Roquette). As part of this relationship, we and Roquette formed Solazyme Roquette Nutritionals, LLC (Solazyme Roquette Nutritionals) through which both we and Roquette agreed to pursue certain opportunities in microalgae-based products for the food, nutraceuticals and animal feed markets. On June 21, 2013, we and Roquette agreed to dissolve Solazyme Roquette Nutritionals. On July 18, 2013, Solazyme Roquette Nutritionals was dissolved. As a result of the dissolution, the joint venture and operating agreement between us and Roquette, and the license agreement, whereby we licensed to Solazyme Roquette Nutritionals certain of our intellectual property, automatically terminated.

Solazyme Roquette Nutritionals, we and Roquette are in the process of winding down the affairs of Solazyme Roquette Nutritionals. We and Roquette have disputes as to several issues associated with the dissolution of Solazyme Roquette Nutritionals and the wind-down of its affairs. We also cannot be sure that other disputes will not arise between us and Roquette related to the joint venture. Such disagreements and disputes are costly, time-consuming to resolve and distracting to our management.

Disputes regarding our intellectual property rights, and the rights of others (including Roquette) to manufacture and sell the Solazyme Roquette Nutritionals products, could delay or negatively impact our commercialization of products in the markets Solazyme Roquette Nutritionals was targeting. Any such disputes could be costly, time-consuming to resolve and distracting to our management. In addition, if our commercialization in these markets is delayed or unsuccessful, our financial results could be negatively impacted.

We cannot be sure that our products will meet necessary standards or be approved or accepted by customers in our target markets.

If we are unable to convince our potential customers or end users of our products that we are a reliable supplier, that our products are comparable or superior to the products that they currently use, or that the use of our products is otherwise beneficial to them, we will not be successful in entering our target markets and our business will be adversely affected.

In the chemicals market, the potential customers for our or the Solazyme Bunge JV's oils are generally companies that have well-developed manufacturing processes and arrangements with suppliers for the chemical components of their products and may resist changing these processes and components. These potential customers frequently impose lengthy and complex product qualification procedures on their suppliers, influenced by consumer preference, manufacturing considerations, supplier operating history, regulatory issues, product liability and other factors, many of which are unknown to, or not well understood by, us. Satisfying these processes may take many months or years.

Although we produce products for the fuels market that comply with industry specifications, potential fuels customers may be reluctant to adopt new products due to a lack of familiarity with our oils. In addition, our fuels may need to satisfy product certification requirements of equipment manufacturers. For example, diesel engine manufacturers may need to certify that the use of diesel fuels produced from our oils in their equipment will not invalidate product warranties.

In the nutrition market, our food ingredients will compete with oils and other food ingredients currently in use. Potential customers may not perceive a benefit to microalgae-based ingredients as compared to existing ingredients or may be otherwise unwilling to adopt their use. If consumer packaged goods (CPG) companies do not accept our food ingredients as ingredients for their widely distributed finished products, or if end customers are unwilling to purchase finished products made using our oils or food ingredients, we will not be successful in competing in the nutrition market and our business will be adversely affected.

In the skin and personal care market, our branded products are marketed directly to potential consumers, but we cannot be sure that consumers will continue to be attracted to our brand or purchase our products on an ongoing basis. As a result, our distribution partners may decide to discontinue marketing our products.

We have entered into a limited number of binding, definitive commercial supply agreements that contain minimum volume commitments. We have also entered contingent offtake agreements and non-binding letters of intent with third parties regarding purchase of our products, but these agreements do not unconditionally obligate the other party to purchase any quantities of any products at this time. There can be no assurance that our contingent offtake agreements and non-binding letters of intent will lead to unconditional definitive agreements to purchase our products.

We have limited experience in structuring arrangements with customers for the purchase of our microalgae-based products, and we may not be successful in this essential aspect of our business.

We expect that our customers will include large companies that sell skin and personal care products, food products and chemical products, as well as large users of oils for fuels. Because we began commercializing our skin and personal care products in the last few years, have only recently begun to commercialize food ingredient products on our own, and are still in the process of developing our products for the food ingredients, oils, chemicals and fuels markets, we have limited experience operating in our customers' industries and interacting with the customers that we intend to target. Developing the necessary expertise may take longer than we expect and will require that we expand and improve our sales and marketing capability, which could be costly. These activities could delay our ability to capitalize on the opportunities that we believe our technology and products present, and may prevent us from successfully commercializing our products. Further, we ultimately aim to sell large amounts of our oils and bioproducts, and this will require that we effectively negotiate and manage contracts for these purchase and sale relationships. The companies with which we aim to have arrangements are generally much larger than we are and have substantially longer operating histories and more experience in their industries than we have. As a result, we may not succeed in establishing relationships with these companies and, if we do, we may not be effective in negotiating or managing the terms of such relationships, which could adversely affect our future results of operations.

We may be subject to product liability claims and other claims of our customers and partners.

The design, development, production and sale of our oils, bioproducts and food ingredients involve an inherent risk of product liability claims and the associated adverse publicity. Because some of our ultimate products in each of our target markets are used by consumers, and because use of those ultimate products may cause injury to those consumers and damage to property, we are subject to a risk of claims for such injuries and damages. In addition, we may be named directly in product liability suits relating to our oils, bioproducts, food ingredients or the ultimate products, even for defects resulting from errors of our partners, contract manufacturers or other third parties working with our products. These claims could be brought by various parties, including customers who are purchasing products directly from us or other users who purchase products from our customers or partners. We could also be named as co-parties in product liability suits that are brought against manufacturing partners that produce our products.

In addition, our customers and partners may bring suits against us alleging damages for the failure of our products to meet specifications or other requirements. Any such suits, even if not successful, could be costly, disrupt the attention of our management and damage our negotiations with other partners and/or customers. Although we often seek to limit our product liability in our contracts, such limits may not be enforceable or may be subject to exceptions. Our current product liability and umbrella insurance for our business may be inadequate to cover all potential liability claims. Insurance coverage is expensive and may be difficult to obtain. Also, insurance coverage may not be available in the future on acceptable terms and may not be sufficient to cover potential claims. We cannot be sure that our contract manufacturers or manufacturing partners who produce our ultimate products will have adequate insurance coverage to cover against potential claims. If we experience a large insured loss, it may exceed our coverage limits, or our insurance carrier may decline to further cover us or may raise our insurance rates to unacceptable levels, any of which could impair our financial position and potentially cause us to go out of business.

We will face risks associated with our international business in developing countries and elsewhere.

For the foreseeable future, our business plan will likely subject us to risks associated with essential manufacturing, sales and operations in developing countries. We have limited experience to date manufacturing and selling internationally and such expansion would require us to make significant expenditures, including the hiring of local employees and establishing facilities, in advance of generating any revenue. The economies of many of the countries in which we will operate have been characterized by frequent and occasionally extensive government intervention and unstable economic cycles.

In addition, in Brazil, where the Solazyme Bunge JV is located, there are restrictions on the foreign ownership of land. As a result, the process for the acquisition by the Solazyme Bunge JV of the facility site from the landowners may be long, complicated and is subject to government approvals.

International business operations are subject to local legal, political, regulatory and social requirements and economic conditions and our business, financial performance and prospects may be adversely affected by, among others, the following factors:

- political, economic, diplomatic or social instability;
- land reform movements;
- tariffs, export or import restrictions, restrictions on remittances abroad or repatriation of profits, duties or taxes that limit our ability to move our products out of these countries or interfere with the import of essential materials into these countries;
- inflation, changing interest rates and exchange controls;
- tax burden and policies;
- delays or failures in securing licenses, permits or other governmental approvals necessary to build and operate facilities and use our microalgae strains to produce products;
- the imposition of limitations on products or processes and the production or sale of those products or processes;
- uncertainties relating to foreign laws, including labor laws, regulations and restrictions, and legal proceedings;
- foreign ownership rules and changes in regard thereto;
- an inability, or reduced ability, to protect our intellectual property, including any effect of compulsory licensing imposed by government action;
- successful compliance with US and foreign laws that regulate the conduct of business abroad, including the Foreign Corrupt Practices Act;
- insufficient investment in developing countries in public infrastructure, including transportation infrastructure, and disruption of transportation and logistics services; and
- difficulties and costs of staffing and managing foreign operations.

These and other factors could have a material adverse impact on our results of operations and financial condition.

Our international operations may expose us to the risk of fluctuation in currency exchange rates and rates of foreign inflation, which could adversely affect our results of operations.

We currently incur some costs and expenses in Euros and Brazilian Reais and expect in the future to incur additional expenses in these and other foreign currencies, and also derive a portion of our revenues in the local currencies of customers throughout the world. As a result, our revenues and results of operations are subject to foreign exchange fluctuations, which we may not be able to manage successfully. During the past few decades, the Brazilian currency in particular has faced frequent and substantial exchange rate fluctuations in relation to the US dollar and other foreign currencies. There can be no assurance that the Real or the Euro will not significantly appreciate or depreciate against the US dollar in the future. We bear the risk that the rate of inflation in the foreign countries where we incur costs and expenses or the decline in value of the US dollar compared to those foreign currencies will increase our costs as expressed in US dollars. Future measures by foreign governments to control inflation, including interest rate adjustments, intervention in the foreign exchange market and changes to the fixed value of their currencies, may trigger increases in inflation. We may not be able to adjust the prices of our products to offset the effects of inflation on our cost structure, which could increase our costs and reduce our net operating margins. If we do not successfully manage these risks through hedging or other mechanisms, our revenues and results of operations could be adversely affected.

We may encounter difficulties managing our growth, and we will need to properly prioritize our efforts in three distinct target markets as our business grows. If we are unable to do so, our business, financial condition and results of operations may be adversely affected.

Our business has grown rapidly. Continued growth may place a strain on our human and capital resources. Furthermore, we intend to conduct our business internationally and anticipate business operations in the United States, Europe, Latin America and elsewhere. These diversified, global operations place increased demands on our limited resources and may require us to substantially expand the capabilities of our administrative and operational resources and will require us to attract, train, manage and retain qualified management, technicians, scientists and other personnel. As our operations expand domestically and internationally, we will need to continue to manage multiple locations and additional relationships with various customers, partners, suppliers and other third parties across several product categories and markets.

Our growth is taking place across three distinct target markets: chemicals and fuels, nutrition, and skin and personal care. We will be required to prioritize our limited financial and managerial resources as we pursue particular development and commercialization efforts in each target market. Any resources we expend on one or more of these efforts could be at the expense of other potentially profitable opportunities. If we focus our efforts and resources on one or more of these areas and they do not lead to commercially viable products, our revenues, financial condition and results of operations could be adversely affected. Furthermore, as our operations continue to grow, the simultaneous management of development, production and commercialization across all three target markets will become increasingly complex and may result in less than optimal allocation of management and other administrative resources, increase our operating expenses and harm our operating results.

Our ability to effectively manage our operations, growth and various projects across our target markets will require us to make additional investments in our infrastructure to continue to improve our operational, financial and management controls and our reporting systems and procedures and to attract and retain sufficient numbers of talented employees, which we may be unable to do effectively. We may be unable to successfully manage our expenses in the future, which may negatively impact our gross margins or operating margins in any particular quarter.

In addition, we may not be able to improve our management information and control systems, including our internal control over financial reporting, to a level necessary to manage our growth and we may discover deficiencies in existing systems and controls that we may not be able to remediate in an efficient or timely manner.

Our success depends in part on recruiting and retaining key personnel and, if we fail to do so, it may be more difficult for us to execute our business strategy. We are currently a small organization and will need to hire additional personnel to execute our business strategy successfully.

Our success depends on our continued ability to attract, retain and motivate highly qualified management, business development, manufacturing and scientific personnel and on our ability to develop and maintain important relationships with leading academic institutions and scientists. We are highly dependent upon a number of key members of our senior management, including manufacturing, business development and scientific personnel. If any of such persons left, our business could be harmed. All of our employees are “at-will” employees. The loss of the services of one or more of our key employees could delay or have an impact on the successful commercialization of our products. We do not maintain any key man insurance. Competition for qualified personnel in the biotechnology field is intense, particularly in the San Francisco Bay Area. We may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel. If we are unsuccessful in our recruitment efforts, we may be unable to execute our strategy.

We may not be able to obtain regulatory approval for the sale of our microalgae-based products and, even if approvals are obtained, complying on an ongoing basis with the numerous regulatory requirements applicable to our various product categories will be time-consuming and costly.

The sale and/or use of diesel and jet fuels produced from our oils are subject to regulation by various government agencies, including the Environmental Protection Agency (EPA) and the California Air Resources Board in the United States. To date, we have registered only our Soladiesel RD® fuel in the United States. We or our refining or commercialization partners or customers may be required to register our fuel in the United States, with the European Commission and elsewhere before selling our products.

Our chemical products may be subject to government regulation in our target markets. In the United States, the EPA administers the Toxic Substances Control Act (TSCA), which regulates the commercial registration, distribution, and use of chemicals. TSCA will require us to obtain and comply with the Microbial Commercial Activity Notice (MCAN) process to manufacture and distribute products made from our recombinant microalgae strains. An MCAN is not required for non-recombinant strains. To date, we have filed MCANs for certain of our recombinant microalgae strains and expect to file additional MCANs in the future.

Before we can manufacture or distribute significant volumes of a chemical, we need to determine whether that chemical is listed in the TSCA inventory. If the substance is listed, then manufacture or distribution can commence immediately. If not, then a pre-manufacture notice (PMN) must be filed with the EPA for a review period of up to 90 days excluding extensions. We have filed PMNs for our certain of our products and expect to file additional PMNs in the future. Some of the products we produce or plan to produce are already eligible to be placed on the TSCA inventory. Others are not yet listed. We may not be able to expediently receive approval from the EPA to list the chemicals we would like to make on the TSCA registry, resulting in delays or significant increases in testing requirements. A similar program exists in the European Union, called REACH (Registration, Evaluation, Authorization, and Restriction of Chemical Substances). We are required to register some of our products with the European Commission, and this process could cause delays or significant costs. We have determined that some of our algal oils are exempt from REACH registration requirements. To the extent that other geographies, such as Brazil, may rely on the TSCA or REACH for chemical registration in their geographies, delays with the US or European authorities may subsequently delay entry into these markets as well. Furthermore, other geographies may have their own chemical inventory requirements, which may delay entry into these markets, irrespective of US or European approval.

Our nutrition products are subject to regulation by various government agencies, including the US Food and Drug Administration (FDA), state and local agencies and similar agencies outside the United States. Food ingredients and ingredients used in animal feed are regulated either as food additives or as substances generally recognized as safe, or GRAS. A substance can be listed or affirmed as GRAS by the FDA or self-affirmed by its manufacturer upon determination that independent qualified experts would generally agree that the substance is GRAS for a particular use. A GRAS Notice of Determination for algal oil was submitted to the FDA, and notification was received from the FDA in June 2012 that it had no further questions. A GRAS Notice of Determination for high lipid algal flour was submitted to the FDA, and notification was received from the FDA that it had no further questions. If the FDA were to disagree with the conclusions in future GRAS Notices of Determination, they could ask that the products be voluntarily withdrawn from the market or could initiate legal action to halt their sale. Such actions by the FDA could have an adverse effect on our business, financial condition, and results of our operations. Food ingredients that are not GRAS are regulated as food additives and require FDA approval prior to commercialization. The food additive petition process is generally expensive and time consuming, with approval, if secured, taking years.

Our skin and personal care products are subject to regulation by various government agencies both within and outside the United States. Such regulations principally relate to the ingredients, labeling, packaging and marketing of our skin and personal care products.

Changes in regulatory requirements, laws and policies, or evolving interpretations of existing regulatory requirements, laws and policies, may result in increased compliance costs, delays, capital expenditures and other financial obligations that could adversely affect our business or financial results.

We expect to encounter regulations in most if not all of the countries in which we may seek to sell our products, and we cannot be sure that we will be able to obtain necessary approvals in a timely manner or at all. If our microalgae-based oils, bioproducts and food ingredients do not meet applicable regulatory requirements in a particular country or at all, then we may not be able to commercialize them and our business will be adversely affected. The various regulatory schemes applicable to our products will continue to apply following initial approval for sale. Monitoring regulatory changes and ensuring our ongoing compliance with applicable requirements will be time-consuming and may affect our results of operations. If we fail to comply with such requirements on an ongoing basis, we may be subject to fines or other penalties, or may be prevented from selling our oils and bioproducts, and our business may be harmed.

We may incur significant costs complying with environmental, health and safety laws and regulations, and failure to comply with these laws and regulations could expose us to significant liabilities.

We use hazardous chemicals and radioactive and biological materials in our business and are subject to a variety of federal, state, local and international laws and regulations governing, among other matters, the use, generation, manufacture, transportation, storage, handling, disposal of, and human exposure to, these materials both in the US and outside the US, including regulation by governmental regulatory agencies, such as the Occupational Safety and Health Administration and the EPA. We have incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of our business in complying with these laws and regulations.

Although we have implemented safety procedures for handling and disposing of these materials and waste products in an effort to comply with these laws and regulations, we cannot be sure that our safety measures will be compliant or capable of eliminating the risk of injury or contamination from the generation, manufacturing, use, storage, transportation, handling, disposal of, and human exposure to, hazardous materials. Failure to comply with environmental, health and safety laws could subject us to liability and resulting damages. There can be no assurance that violations of environmental, health and safety laws will not occur as a result of human error, accident, equipment failure or other causes. Compliance with applicable environmental laws and regulations may be

expensive, and the failure to comply with past, present, or future laws could result in the imposition of fines, regulatory oversight costs, third party property damage, product liability and personal injury claims, investigation and remediation costs, the suspension of production, or a cessation of operations, and our liability may exceed our total assets. Liability under environmental laws, such as the Comprehensive Environmental Response Compensation and Liability Act in the United States, can impose liability for the full amount of damages, without regard to comparative fault for the investigation and cleanup of contamination and impacts to human health and for damages to natural resources. Contamination at properties we own and operate, and at properties to which we send hazardous materials, may result in liability for us under environmental laws and regulations.

Our business and operations will be affected by other new environmental, health and safety laws and regulations, which may affect our research and development and manufacturing programs, and environmental laws could become more stringent over time, requiring us to change our operations, or resulting in greater compliance costs and increasing risks and penalties associated with violations, which could impair our research, development or production efforts and harm our business. The costs of complying with environmental, health and safety laws and regulations, and any claims concerning noncompliance, or liability with respect to contamination in the future could have a material adverse effect on our financial condition or operating results.

Changes in government regulations, including subsidies and economic incentives, could have a material adverse effect on demand for our oils, business and results of operations.

The market for renewable fuels is heavily influenced by foreign, federal, state and local government regulations and policies. Changes to existing, or adoption of new, domestic or foreign federal, state or local legislative initiatives that impact the production, distribution, sale or import and export of renewable fuels may harm our business. For example, in 2007, the Energy Independence and Security Act of 2007 set targets for alternative sourced liquid transportation fuels (approximately 14 billion gallons in 2011, increasing to 36 billion gallons by 2022). Of the 2022 target amount, a minimum of 21 billion gallons must be advanced biofuels. In the US and in a number of other countries, these regulations and policies have been modified in the past and may be modified again in the future. The elimination of, or any reduction in, mandated requirements for fuel alternatives and additives to gasoline may cause demand for biofuels to decline and deter investment in the research and development of renewable fuels. In addition, the US Congress has passed legislation that extends tax credits to blenders of certain renewable fuel products. However, there is no assurance that this or any other favorable legislation will remain in place. For example, the biodiesel tax credit expired in December 2009, and its extension was not approved until March 2010. Any reduction in, phasing out or elimination of existing tax credits, subsidies and other incentives in the US and foreign markets for renewable fuels, or any inability of our customers to access such credits, subsidies and incentives, may adversely affect demand for our products and increase the overall cost of commercialization of our renewable fuels, which would adversely affect our business. In addition, market uncertainty regarding future policies may also affect our ability to develop new renewable products or to license our technologies to third parties and to sell products to end customers. Any inability to address these requirements and any regulatory or policy changes could have a material adverse effect on our business, financial condition and results of operations.

Conversely, government programs could increase investment and competition in the markets for our oils. For example, various governments have announced a number of spending programs focused on the development of clean technology, including alternatives to petroleum-based fuels and the reduction of greenhouse gas (GHG) emissions, which could lead to increased funding for us or our competitors, or the rapid increase in the number of competitors within our markets.

Concerns associated with renewable fuels, including land usage, national security interests and food crop usage, are receiving legislative, industry and public attention. This could result in future legislation, regulation and/or administrative action that could adversely affect our business. Any inability to address these requirements and any regulatory or policy changes could have a material adverse effect on our business, financial condition and results of operations.

Future government policies may adversely affect the supply of sugarcane, corn or cellulosic sugars, restricting our ability to use these feedstocks to produce our oils, and negatively impact our revenues and results of operations.

We may face risks relating to the use of our targeted recombinant microalgae strains, and if we are not able to secure regulatory approval for the use of these strains or if we face material ethical, legal and social concerns about our use of targeted recombinant technology, our business could be adversely affected.

The use of microorganisms designed using targeted recombinant technology, such as some of our microalgae strains, is subject to laws and regulations in many states and countries, some of which are new and still evolving and interpreted by fact specific application. In the United States, the EPA regulates the commercial use of microorganisms designed using targeted recombinant technology as well as potential products derived from them.

We expect to encounter regulations of microorganisms designed using targeted recombinant technology in most if not all of the countries in which we may seek to establish manufacturing operations, and the scope and nature of these regulations will likely be different from country to country. For example, in the US, when used in an industrial process, our microalgae strains designed using targeted recombinant technology may be considered new chemicals under the TSCA, administered by the EPA. We will be required to comply with the EPA's process. In Brazil, microorganisms designed using targeted recombinant technology are regulated by the National Biosafety Technical Commission, or CTNBio. In March 2013, we submitted an application for approval from CTNBio to use a specific microalgae strain designed using targeted recombinant technology in a contained environment in order to use these microalgae for research and development and commercial production purposes in any facilities we establish in Brazil. If we cannot meet the applicable requirements in Brazil and other countries in which we intend to produce microalgae-based products, or if it takes longer than anticipated to obtain such approvals, our business could be adversely affected.

The subject of organisms designed using targeted recombinant technology has received negative publicity, which has aroused public debate. Public attitudes about the safety and environmental hazards of, and ethical concerns over, genetic research and microorganisms designed using targeted recombinant technology could influence public acceptance of our technology and products. In addition, shifting public attitudes regarding, and potential changes to laws governing, ownership of genetic material could harm our intellectual property rights with respect to our genetic material and discourage collaborators from supporting, developing, or commercializing our products, processes and technologies. Governmental reaction to negative publicity concerning organisms designed using targeted recombinant technology could result in greater government regulation of or trade restrictions on imports of genetic research and derivative products. If we and/or our collaborators are not able to overcome the ethical, legal, and social concerns relating to the use of targeted recombinant technology, our products and processes may not be accepted or we could face increased expenses, delays or other impediments to their commercialization.

We expect to face competition for our oils in the chemicals and fuels markets from providers of products based on petroleum, plant oils and animal fats and from other companies seeking to provide alternatives to these products, many of whom have greater resources and experience than we do. If we cannot compete effectively against these companies or products, we may not be successful in bringing our products to market or further growing our business.

In the chemical markets, we will compete with the established providers of oils currently used in chemical products. Producers of these incumbent products include global oil companies, including those selling agricultural products such as palm oil, palm kernel oil, castor bean oil and sunflower oil, large international chemical companies and other companies specializing in specific products or essential oils. We may also compete in one or more of these markets with manufacturers of other products such as highly refined petrochemicals, synthetic polymers and other petroleum-based fluids and lubricants as well as new market entrants offering renewable products.

In the transportation fuels market, we expect to compete with independent and integrated oil refiners, large oil and gas companies and, in certain fuels markets, with other companies producing advanced biofuels. The refiners compete with us by selling conventional fuel products, and some are also pursuing hydrocarbon fuel production using non-renewable feedstocks, such as natural gas and coal, as well as production using renewable feedstocks, such as vegetable oil and biomass. We also expect to compete with companies that are developing the capacity to produce diesel and other transportation fuels from renewable resources in other ways. These include advanced biofuels companies using specific engineered enzymes that they have developed to convert cellulosic biomass, which is non-food plant material such as wood chips, corn stalks and sugarcane bagasse, into fermentable sugars and ultimately, renewable diesel and other fuels. Biodiesel companies convert vegetable oils and animal oils into diesel fuel and some are seeking to produce diesel and other transportation fuels using thermochemical methods to convert biomass into renewable fuels.

We believe the primary competitive factors in both the chemicals and fuels markets are product price, product performance, sustainability, availability of supply and compatibility of products with existing infrastructure.

The oil companies, large chemical companies and well-established agricultural products companies with whom we expect to compete are much larger than we are, have, in many cases, well-developed distribution systems and networks for their products, have valuable historical relationships with the potential customers we are seeking to serve and have much more extensive sales and marketing programs in place to promote their products. Some of our competitors may use their influence to impede the development and acceptance of our products. Our limited resources relative to many of our competitors may cause us to fail to anticipate or respond adequately to new developments and other competitive pressures. In the nascent markets for renewable chemicals and fuels, it is difficult to predict which, if any, market entrants will be successful, and we may lose market share to competitors producing new or existing renewable products.

We expect to face competition for our nutrition and skin and personal care products from other companies in these fields, many of whom have greater resources and experience than we do. If we cannot compete effectively against these companies or their products, we may not be successful in selling our products or further growing our business.

We expect that our nutrition products will compete with providers in both the specialty and mass food ingredient markets. Many of these companies, such as Cargill, Incorporated, Monsanto Company, Syngenta AG and Roquette, are larger than we are, have well-developed distribution systems and networks for their products and have valuable historical relationships with the potential customers and distributors we hope to serve. We may also compete with companies seeking to produce nutrition products based on renewable oils, including DSM Food Specialties and DuPont Nutrition & Health. Our success in the development of nutrition products will depend on our ability to effectively compete with established companies and successfully commercialize our products.

In the skin and personal care market, we expect to compete with established companies and brands with loyal customer followings. The market for skin and personal care products is characterized by strong established brands, loyal brand following and heavy brand marketing. We will compete with companies with well-known brands such as Kinerase ®, Perricone MD ®, and StriVectin ®. These companies have greater sales and marketing resources. We will also compete in the mass consumer market. Some of our competitors in this market have well-known brands such as Meaningful Beauty ® and Principal Secret ® and have substantially greater sales and marketing resources. We have limited experience in the skin and personal care market. We will need to continue to devote substantial resources to the marketing of our products and there can be no assurance that we will be successful.

A decline in the price of petroleum and petroleum-based products, plant oils or other commodities may reduce demand for our oils and may otherwise adversely affect our business.

We believe that some of the present and projected demand for renewable fuels results from relatively recent increases in the cost of petroleum and certain plant oils. We anticipate that most of our oils, and in particular those used to produce fuels, will be marketed as alternatives to corresponding products based on petroleum and plant oils. If the price of any of these oils falls, we may be unable to produce tailored oils that are cost-effective alternatives to their petroleum or plant oil-based counterparts. Declining oil prices, or the perception of a future decline in oil prices, may adversely affect the prices we can obtain from our potential customers or prevent potential customers from entering into agreements with us to buy our oils. During sustained periods of lower oil prices we may be unable to sell our oils, which could materially and adversely affect our operating results.

Petroleum prices have been extremely volatile, and this volatility is expected to persist. Lower petroleum prices over extended periods of time may change the perceptions in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If petroleum prices were to decline from present levels and remain at lower levels for extended periods of time, the demand for renewable fuels could be reduced, and our business and revenue may be harmed.

Prices of plant oils have also experienced significant volatility. If prices for oils such as palm kernel were to materially decrease in the future, there may be less demand for oil alternatives, which could reduce demand for our products and harm our business. The prices of commodities that serve as food ingredients have also been volatile. To the extent that the prices of these commodities decline and remain at lower levels for extended periods of time, the demand for our nutrition products may be reduced, and our ability to successfully compete in this market may be harmed.

Our facilities in California are located near an earthquake fault, and an earthquake or other natural disaster or resource shortage could disrupt our operations.

Important documents and records, such as hard copies of our laboratory books and records for our products and some of our manufacturing operations, are located in our corporate headquarters in South San Francisco, California, near active earthquake zones. In the event of a natural disaster, such as an earthquake, drought or flood, or localized extended outages of critical utilities or transportation systems, we do not have a formal business continuity or disaster recovery plan, and could therefore experience a significant business interruption. In addition, California from time to time has experienced shortages of water, electric power and natural gas. Future shortages and conservation measures could disrupt our operations and could result in additional expense. Although we maintain business interruption insurance coverage, we do not maintain earthquake or flood coverage.

Risks Related to Our Intellectual Property

Our competitive position depends on our ability to effectively obtain and enforce patents related to our products, manufacturing components and manufacturing processes. If we or our licensors fail to adequately protect this intellectual property, our ability and/or our partners' ability to commercialize products could suffer.

Our success depends in part on our ability to obtain and maintain patent protection sufficient to prevent others from utilizing our manufacturing components, manufacturing processes or marketing our products, as well as to successfully defend and enforce our patents against infringement by others. In order to protect our products, manufacturing components and manufacturing processes from unauthorized use by third parties, we must hold patent rights that cover our products, manufacturing components and manufacturing processes.

The patent position of biotechnology and bio-industrial companies can be highly uncertain because obtaining and determining the scope of patent rights involves complex legal and factual questions. The standards applied by the US Patent and Trademark Office and foreign patent offices in granting patents are not always applied uniformly or predictably. There is no uniform worldwide policy regarding patentable subject matter, the scope of claims allowable in biotechnology and bio-industrial patents, or the formal requirements to obtain such patents. Consequently, patents may not issue from our pending patent applications. Furthermore, in the process of seeking patent protection or even after a patent is granted, we could become subject to expensive and protracted proceedings, including patent interference, opposition, post-grant review and re-examination proceedings, which could invalidate or narrow the scope of our patent rights. As such, we do not know nor can we predict the scope and/or breadth of patent protection that we might obtain on our products and technology.

Changes either in patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property rights. In the US, depending on the decisions and actions taken by the US Congress, the federal courts, and the US Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. In foreign jurisdictions, depending on the decisions and actions taken by the foreign government, the judicial system of the jurisdiction, and its patent office, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents or patents that we might obtain in the future.

The America Invents Act (AIA), which was signed into law on September 16, 2011, brings a number of changes to the US patent system and affects the way patents are prosecuted, challenged and litigated. Among the changes that went into effect September 16, 2012, one of the most significant involves the implementation of a reformed post-grant review system. Other changes, which went into effect on March 16, 2013, include the transition from a “first-to-invent” to “first-to-file” system that attempts to harmonize the US with most of the world. Lack of precedential interpretation of the new provisions of the AIA through specific cases or through guidelines promulgated by the US Patent and Trademark Office and the lack of binding precedent from the courts increase the uncertainty of the impact of the AIA. Together, these changes may increase the costs of prosecution and enforcement of US patents. While it is currently unclear what impact these changes will have on the operation of our business, they may favor companies able to dedicate more resources to patent filings and challenges.

Risks associated with enforcing our intellectual property rights in the United States.

If we were to initiate legal proceedings against a third party to enforce a patent claiming one of our technologies, the defendant could counterclaim that our patent is invalid and/or unenforceable or assert that the patent does not cover its manufacturing processes, manufacturing components or products. Proving patent infringement may be difficult, especially where it is possible to manufacture a product by multiple processes or when a patented process is performed by multiple parties. Furthermore, in patent litigation in the United States or elsewhere, defendant counterclaims alleging both invalidity and unenforceability are commonplace. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity of our patent rights, we cannot be certain, for example, that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would not be able to exclude others from practicing the inventions claimed therein. Such a loss of patent protection could have a material adverse effect on our business. Defendant counterclaims of antitrust or other anti-competitive conduct are also commonplace.

Even if our patent rights are found to be valid and enforceable, patent claims that survive litigation may not cover commercially viable products or prevent competitors from importing or marketing products similar to our own, or using manufacturing processes or manufacturing components similar to our own.

Although we believe we have obtained valid assignments of patent rights from all inventors, if an inventor did not adequately assign their patent rights to us, a third party could obtain a license to the patent from such inventor. This could preclude us from enforcing the patent against such third party.

We may not be able to enforce our intellectual property rights throughout the world.

The laws of some foreign countries where we intend to produce and use our proprietary strains in collaboration with sugar mills or other feedstock suppliers do not protect intellectual property rights to the same extent as the laws of the United States. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of certain countries, including Brazil and developing countries, do not favor the enforcement of

patents and other intellectual property protection, particularly those relating to biotechnology and/or bio-industrial technologies. This could make it difficult for us to stop the infringement of our patents or misappropriation of our intellectual property rights in these countries. Proceedings to enforce our patent rights in certain foreign jurisdictions are unpredictable and could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

Third parties may misappropriate our proprietary strains, information, or trade secrets despite a contractual obligation not to do so.

Third parties (including joint venture, collaboration, development and feedstock partners, contract manufacturers, and other contractors and shipping agents) often have custody or control of our proprietary microbe strains. If our proprietary microbe strains were stolen, misappropriated or reverse engineered, they could be used by other parties who may be able to use our strains or reverse-engineered strains for their own commercial gain. It is difficult to prevent misappropriation or subsequent reverse engineering. In the event that our proprietary microbe strains are misappropriated, it could be difficult for us to challenge the misappropriation or prevent reverse engineering, especially in countries with limited legal and intellectual property protection.

Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of proprietary information and trade secrets.

In addition to patents, we rely on confidentiality agreements to protect our technical know-how and other proprietary information. Confidentiality agreements are used, for example, when we talk to potential strategic partners. In addition, each of our employees signed a confidentiality agreement upon joining our company. Nevertheless, there can be no guarantee that an employee or an outside party will not make an unauthorized disclosure or use of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures.

We also keep as trade secrets certain technical and proprietary information where we do not believe patent protection is appropriate, desirable or obtainable. However, trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose our trade secrets to competitors or otherwise use misappropriated trade secrets to compete with us. It can be expensive and time consuming to enforce a claim that a third party illegally obtained and is using our trade secrets. Furthermore, the outcome of such claims is unpredictable. In addition, courts outside the US may be less willing to or may not protect trade secrets. Moreover, our competitors may independently design around our intellectual property or develop equivalent knowledge, methods and know-how without misappropriating or otherwise violating our trade secret rights. Where a third party independently designs around our intellectual property or develops equivalent knowledge, methods and know-how without misappropriating or otherwise violating our trade secret rights, they may be able to seek patent protection for such equivalent knowledge, methods and know-how. This could prohibit us from practicing our trade secrets.

Claims by patent holders that our products or manufacturing processes infringe their patent rights could result in costly litigation or could require substantial time and money to resolve, whether or not we are successful, and an unfavorable outcome in these proceedings could have a material adverse effect on our business.

Our ability to commercialize our technology depends on our ability to develop, manufacture, market and sell our products without infringing the proprietary rights of patent holders or their authorized agents. An issued patent does not guarantee us the right to practice or utilize the patented inventions or commercialize the patented product. Third parties may have blocking patents that may prevent us from commercializing our patented products and utilizing our patented manufacturing components and manufacturing processes. In the event that we are made aware of blocking third party patents, we cannot be sure that licenses to the blocking third-party patents would be available or obtainable on terms favorable to us or at all.

Numerous US and foreign issued patents and pending patent applications, which are owned by third parties, relate to (1) the production of bio-industrial products, including oils, chemicals and biofuels, and (2) the use of microalgae strains, such as microalgae strains containing genes to alter oil composition. As such, there could be existing valid patents that our manufacturing processes, manufacturing components, or products may inadvertently infringe. There could also be existing invalid or unenforceable patents that could nevertheless be asserted against us and would require expenditure of resources to defend. In addition, there are pending patent applications that are currently unpublished and therefore unknown to us that may later result in issued patents that are infringed by our products, manufacturing processes or other aspects of our business.

We may be exposed to future litigation based on claims that our products, manufacturing processes or manufacturing components infringe the intellectual property rights of others. There is inevitable uncertainty in any litigation, including patent litigation. Defending against claims of patent infringement is costly and time consuming, regardless of the outcome. Thus, even if we

were to ultimately prevail, or to settle at an early stage of litigation, such litigation could burden us with substantial unanticipated costs. Some of our competitors are larger than we are and have substantially greater resources. They are, therefore, likely to be able to sustain the costs of complex patent litigation longer than we could. In addition, the costs and uncertainty associated with patent litigation could have a material adverse effect on our ability to continue our internal research and development programs, in-license needed technology, or enter into strategic partnerships that would help us commercialize our technologies. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business.

If a party successfully asserts a patent or other intellectual property rights against us, we might be barred from using certain of our manufacturing processes or manufacturing components, or from developing and commercializing related products. Injunctions against using specified processes or components, or prohibitions against commercializing specified products, could be imposed by a court or by a settlement agreement between us and a third party. In addition, we may be required to pay substantial damage awards to the third party, including treble or enhanced damages if we are found to have willfully infringed the third party's intellectual property rights. We may also be required to obtain a license from the third party in order to continue manufacturing and/or marketing the products that were found to infringe. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. This could limit our ability to competitively commercialize some or all of our products.

During the course of any patent litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, technology or intellectual property could be diminished. Accordingly, the market price of our common stock may decline.

We have received government funding in connection with the development of certain of our proprietary technologies, which could negatively affect our intellectual property rights in such technologies.

Some of our proprietary technology was developed with US federal government funding. When new technologies are developed with US government funding, the government obtains certain rights in any resulting patents, including a nonexclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise "march-in" rights to use or allow third parties to use our patented technology. The government can exercise its march-in rights if it determines that action is necessary because we fail to achieve practical application of the US government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to US industry. In addition, US government-funded inventions must be reported to the government and US government funding must be disclosed in any resulting patent applications. In addition, our rights in such inventions are subject to government license rights and foreign manufacturing restrictions. Any exercise by the government of such rights could harm our competitive position or impact our operating results.

In addition, some of our technology was funded by a grant from the state of California. Inventions funded by this grant may be subject to forfeiture if we do not seek to patent or practically apply them. Any such forfeiture could have a materially adverse effect on our business. For proprietary technology developed with funding from the State of California, certain confidential information may be disclosed to third parties by California. Our rights in such inventions are subject to State of California license and march-in rights. Any exercise by the State of California of such rights could harm our competitive position or impact our operating results.

Risks Related to Our Finances and Capital Requirements

Our financial results could vary significantly from quarter to quarter and are difficult to predict.

Our revenues and results of operations could vary significantly from quarter to quarter because of a variety of factors, many of which are outside of our control. As a result, comparing our results of operations on a period-to-period basis may not be meaningful. Factors that could cause our quarterly results of operations to fluctuate include:

- achievement, or failure to achieve, technology or product development milestones needed to allow us to enter target markets on a cost effective basis;
- delays or greater than anticipated expenses associated with the completion of new production facilities, and the time to complete scale up of production following completion of a new manufacturing facility;
- our capital requirements or capital requirements of our joint ventures;
- disruptions in the production process at any facility where we produce our products;
- the timing, size and mix of sales to customers for our products;
- increases in price or decreases in availability of feedstocks;
- fluctuations in the price of and demand for products based on petroleum or other oils for which our oils are alternatives;

- the unavailability of contract manufacturing capacity altogether or at anticipated cost;
- fluctuations in foreign currency exchange rates;
- seasonal production and sale of our products;
- the effects of competitive pricing pressures, including decreases in average selling prices of our products;
- unanticipated expenses associated with changes in governmental regulations and environmental, health and safety requirements;
- reductions or changes to existing fuel, chemical, nutrition or skin and personal care regulations and policies;
- departure of key employees;
- business interruptions, such as earthquakes and other natural disasters;
- our ability to integrate businesses that we may acquire;
- risks associated with the international aspects of our business; and
- changes in general economic, industry and market conditions, both domestically and in foreign markets in which we operate.

Due to these factors and others the results of any quarterly or annual period may not meet our expectations or the expectations of our investors and may not be meaningful indications of our future performance.

We may require additional financing in the future and may not be able to obtain such financing on favorable terms, if at all, which could force us to delay, reduce or eliminate our research and development or commercialization activities.

To date, we have financed our operations primarily through our initial public offering, completed in June 2011, private placements of our equity securities, government grants and funding from strategic partners. In January 2013 we issued $125.0 million aggregate principal amount of convertible senior subordinated notes due 2018, which bear interest at a rate of 6.00% per year, payable in cash semi-annually commencing in August 2013. In March 2013, we entered into a loan and security agreement with HSBC that provides for a $30.0 million revolving facility for working capital and letters of credit, and in May 2013 we entered into an amendment to the revolving facility, increasing the available loan amount to $35.0 million. While we plan to enter into relationships with partners or collaborators for them to provide some portion or all of the capital needed to build production facilities, we may determine that it is more advantageous for us to provide some portion or all of the financing for new production facilities. Some of our previous funding has come from government grants; however, our future ability to obtain government grants is uncertain due to the competitive bid process and other factors.

We may have to raise additional funds through public or private debt or equity financings to meet our capital requirements, including our portion of joint venture funding requirements. For example, although the Solazyme Bunge JV entered a loan agreement with BNDES for project financing funding to support the joint venture's production facility in Brazil, including a portion of the construction costs of the facility, and has drawn on the funds, if we are unable to finalize the corporate guarantee documentation on acceptable terms, the Solazyme Bunge JV will be unable to draw down amounts under the loan in excess of amounts supported by bank guarantees and will have to seek additional financing. If the Solazyme Bunge JV is unable to secure additional financing, we will be required to fund our portion of the Solazyme Bunge JV's capital requirements from existing sources or seek additional financing. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds and continue to incur losses, our ability to fund our operations, take advantage of strategic opportunities, develop and commercialize products or technologies, or otherwise respond to competitive pressures could be significantly limited. If this happens, we may be forced to delay or terminate research and development programs or the commercialization of products resulting from our technologies, curtail or cease operations or obtain funds through collaborative and licensing arrangements that may require us to relinquish commercial rights, or grant licenses on terms that are not favorable to us. If adequate funds are not available, we will not be able to successfully execute our business plan or continue our business.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay amounts due under our indebtedness, including our convertible notes.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our convertible notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Despite our current debt levels, we may still incur substantially more debt or take other actions that would intensify the risks discussed above.

Despite our current consolidated debt levels, we and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indenture governing the convertible notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms governing the notes. Our existing credit facility with HSBC contains certain restrictions on our ability to incur additional indebtedness, but if the facility matures or is repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

We have received government grant funding and entered contracts with government agencies, and may pursue government grant funding or contracts in the future. Our receipt of government funds through grants and contracts subjects us to additional regulatory oversight.

We have received government grants and have entered contracts with government agencies in the past. Activities funded by a government grant or pursuant to government contracts are subject to audits by government agencies. As part of an audit, these agencies may review our performance, cost structures and compliance with applicable laws, regulations and standards. Grant funds must be applied by us toward the research and development programs specified by the granting agency, rather than for all of our programs generally. If any of our grant-funded costs are found to be allocated improperly, the costs may not be reimbursed and any costs already reimbursed may have to be refunded. Accordingly, an audit could result in an adjustment to our revenues and results of operations. We are also subject to additional regulations based on our receipt of government grant funding and entry into government contracts. If we fail to comply with these requirements, we may face penalties and may not be awarded government funding or contracts in the future.

If we engage in any acquisitions, we will incur a variety of costs and may potentially face numerous risks that could adversely affect our business and operations.

If appropriate opportunities become available, we may seek to acquire additional businesses, assets, technologies or products to enhance our business. In connection with any acquisitions, we could issue additional equity or equity-linked securities such as our convertible notes, which would dilute our stockholders, incur substantial debt to fund the acquisitions, or assume significant liabilities.

Acquisitions involve numerous risks, including problems integrating the purchased operations, technologies or products, unanticipated costs and other liabilities, diversion of management's attention from our core businesses, adverse effects on existing business relationships with current and/or prospective collaborators, customers and/or suppliers, risks associated with entering markets in which we have no or limited prior experience and potential loss of key employees. Acquisitions may also require us to record goodwill and non-amortizable intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges, incur amortization expenses related to certain intangible assets, and incur write offs and restructuring and other related expenses, any of which could harm our operating results and financial condition. If we fail in our integration efforts with respect to any of our acquisitions and are unable to efficiently operate as a combined organization, our business and financial condition may be adversely affected.

Raising additional funds may cause dilution to our stockholders or require us to relinquish valuable rights.

If we elect to raise additional funds through equity offerings or offerings of equity-linked securities, our stockholders would likely experience dilution. Debt financing, if available, may subject us to restrictive covenants that could limit our flexibility in conducting future business activities. For example, the loan and security agreement we entered into with HSBC in March 2013 contains financial covenants that, if breached, would require us to secure our obligations thereunder. To the extent that we raise additional funds through collaboration and licensing arrangements, it may be necessary for us to share a portion of the margin from the sale of our products. We may also be required to relinquish or license on unfavorable terms our rights to technologies or products that we otherwise would seek to develop or commercialize ourselves.

If we fail to maintain an effective system of internal controls, we might not be able to report our financial results accurately or prevent fraud; in that case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002 requires us and our independent registered public accounting firm to evaluate and report on our internal control over financial reporting, and have our chief executive officer and chief financial officer certify as to the accuracy and completeness of our financial reports. The process of implementing our internal controls and complying with Section 404 is expensive and time consuming, and requires significant attention from management. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future.

Our management has concluded that there are no material weaknesses in our internal controls over financial reporting as of December 31, 2012. However, there can be no assurance that our controls over financial processes and reporting will be effective in the future or that material weaknesses or significant deficiencies in our internal controls will not be discovered in the future. Because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and harm our stock price.

Risks Relating to Securities Markets and Investment in Our Stock

The price of our common stock may be volatile.

The volatility of our common stock may affect the price of our common stock, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock. Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In addition, the average daily trading volume of the securities of small companies, particularly small technology companies, can be very low. Limited trading volume of our stock may contribute to its future volatility. Price declines in our common stock could result from general market and economic conditions and a variety of other factors, including any of the risk factors described in this Quarterly Report on Form 10-Q.

These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. The market price of our common stock could also be affected by possible sales of the common stock by investors who view our convertible notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving the common stock.

If our executive officers, directors and largest stockholders choose to act together, they may be able to control our management and operations, acting in their own best interests and not necessarily those of other stockholders.

As of September 30, 2013 our executive officers, directors and beneficial holders of 5% or more of our outstanding stock beneficially owned approximately 29.4% of our common stock, including shares subject to repurchase. As a result, these stockholders, acting together, would be able to significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. The interests of this group of stockholders may not always coincide with the interests of other stockholders, and they may act in a manner that advances their best interests and not necessarily those of other stockholders.

Our certificate of incorporation, our bylaws and Delaware law contain provisions that could discourage another company from acquiring us and may prevent attempts by our stockholders to replace or remove our current management.

Provisions of Delaware law (where we are incorporated), our certificate of incorporation and bylaws may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace or remove our board of directors. These provisions include:

- authorizing the issuance of "blank check" preferred stock without any need for action by stockholders;
- requiring supermajority stockholder voting to effect certain amendments to our certificate of incorporation and bylaws;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent;
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and
- dividing our board of directors into three classes so that only one third of our directors will be up for election in any given year.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which, under certain circumstances, may make it more difficult for a person who would be an "interested stockholder," as defined in Section 203, to effect various business combinations with us for a three-year period. Our certificate of incorporation and bylaws do not exclude us from the restrictions imposed under Section 203. These provisions could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock.

Being a public company increases our expenses and administrative burden.

As a public company, we incur significant legal, accounting and other expenses. For example, as a public company, we have adopted internal and disclosure controls and procedures and bear all of the internal and external costs of preparing and distributing periodic public reports in compliance with our obligations under applicable securities laws.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related regulations implemented by the SEC and the NASDAQ Global Select Market, create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. We evaluate and monitor developments with respect to new and proposed rules and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and attract and retain qualified executive officers. If these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations.

If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If securities or industry analysts do not continue coverage of our company, the trading price for our stock would be negatively impacted. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.

We do not anticipate paying cash dividends in the foreseeable future. As a result, only appreciation of the price of our common stock, which may never occur, would provide a return to stockholders. Investors seeking cash dividends should not invest in our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

1. On October 24, 2013, pursuant to a Research and Development Agreement with Warner Babcock Institute for Green Chemistry LLC (WBI), we issued 39,578 shares of our common stock to WBI. Of the shares issued, 23,386 shares have fully vested and 13,192 shares will vest on December 1, 2013. Pursuant to the Research and Development Agreement, WBI is providing research and development services to us.

2. On November 4, 2013, we issued 423,278 shares of our common stock to Archer-Daniels-Midland Company (ADM) upon the exercise by ADM of a warrant to receive $4,500,000, payable at our election in cash, stock or a combination thereof, for use and operation of a portion of ADM's facility in Clinton, Iowa under the Strategic Collaboration Agreement between us and ADM.

The issuances of securities described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4 (2) of the Securities Act and Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the electronic records representing such securities in such transactions. All recipients received adequate information about us.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Filing Date	Exhibit	
10.1	Transition Agreement and Release by and between Harrison Dillon and Solazyme, Inc., dated as of September 5, 2013					X
10.2	Separation and Release Agreement by and between Harrison Dillon and Solazyme, Inc., dated as of September 30, 2013					X
10.3	Consulting Agreement by and between Harrison Dillon and Solazyme, Inc., effective as of September 30, 2013					X
31.1	Certification of the Chief Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1§	Certification of the Chief Executive Officer and Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002					X
101†	The following materials from Solazyme, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Cash Flows, (iv) Condensed Consolidated Statements of Comprehensive Loss and (v) Notes to the Condensed Consolidated Financial Statements					X

§ This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended or the Exchange Act of 1934, as amended.

† Pursuant to Rule 406T of Regulation S-T, the interactive files on Exhibit 101 hereto are deemed not "filed" or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Solazyme, Inc.

By: /s/ Tyler W. Painter

Tyler W. Painter
Chief Financial Officer
(Principal Financial and Accounting Officer and duly authorized signatory)

Date: November 6, 2013

Exhibit 10.1

TRANSITION AGREEMENT AND RELEASE

This Transition Agreement and Release ("Agreement") is made by and between Harrison Dillon (the "Employee") and Solazyme, Inc. ("Solazyme") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, the Employee is currently the President of Solazyme;

WHEREAS, the Employee signed an Employee Proprietary Information and Inventions Agreement with Solazyme dated October 11, 2004 (the "Confidentiality Agreement");

WHEREAS, Solazyme and the Employee have entered into Stock Option Agreements, dated various dates (collectively the "Option Agreements"), granting the Employee the option to purchase shares of Solazyme's common stock, subject to vesting schedules set forth therein and subject to the terms and conditions of Solazyme's Second Amended and Restated 2004 Equity Incentive Plan, 2011 Equity Incentive Plan and the applicable Option Agreements;

WHEREAS, Solazyme and the Employee have entered into Restricted Unit Agreements, dated various dates (collectively the "RSU Agreements"), granting the Employee rights to shares of Solazyme's common stock, subject to vesting schedules set forth therein and subject to the terms and conditions of Solazyme's 2011 Equity Incentive Plan and the applicable RSU Agreements;

WHEREAS, Solazyme and the Employee have agreed on the date hereof that the Employee will separate from employment with Solazyme;

WHEREAS, the separation from employment with Solazyme will be effective September 30, 2013 (the "Separation Date");

WHEREAS, the Parties agree that the Employee shall provide certain transitional services for Solazyme through and including the Separation Date (the "Transition Period") as provided herein, subject to and conditioned upon the Employee remaining compliant with the terms of this Agreement, in exchange for which Solazyme agrees to continue to (i) provide the Employee his base salary and standard benefits, (ii) allow the Employee to continue to vest in his outstanding stock options and RSUs, in each case for the duration of the Transition Period, and (iii) retain his existing title and reporting relationships;

WHEREAS, subject to the Employee providing the Transition Services (as defined below), and conditioned upon the Employee entering into this Agreement on or by September 5, 2013 (the "Expiration Date"), Solazyme agrees that on or about the Separation Date, it will provide to the Employee the opportunity to enter into the Separation and Release Agreement provided as Exhibit A (the "Separation Agreement"), subject to the terms and conditions provided therein; and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against Solazyme and any of the Releasees (as defined below), including, but not limited to, any and all claims arising out of or in any way related to the Employee's employment with Solazyme, the transition of that employment as anticipated herein, or the Employee's separation from employment with Solazyme;

NOW, THEREFORE, in consideration of the mutual promises made herein, Solazyme and the Employee hereby agree as follows:

COVENANTS

1. Consideration .

a. Opportunity for Increased Severance Benefits under the Separation Agreement . Subject to the Employee (i) executing this Agreement by the Expiration Date; (ii) executing the Separation Agreement in accordance with the terms set forth therein; and (iii) complying in full with the terms of this Agreement, the Confidentiality Agreement and the Separation Agreement, Solazyme agrees to provide the Employee the Severance Benefits defined in the Separation Agreement. Subject to the foregoing conditions, the Employee understands that he shall have the separate choice upon separation from employment with Solazyme as to whether or not to enter into the Separation Agreement, in exchange for the Severance Benefits provided therein, but that in any regard this Agreement, if executed, shall remain fully binding and enforceable on its own terms.

The Employee acknowledges and agrees that the consideration provided above constitutes benefits to which the Employee was not already entitled and therefore acts as binding and valid consideration for the terms of this Agreement.

2. Payment of Salary and Receipt of All Benefits . The Employee acknowledges and represents that, as of the date this Agreement is executed, Solazyme has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, leave, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, RSUs, vesting, and any and all other benefits and compensation due and owing to the Employee (other than salary and wages earned since the date of his last paycheck, and other than personal time off accrued but not taken as of the date of this Agreement). The Employee further acknowledges and represents that he has received any leave to which he was entitled or that he requested, if any, under the California Family Rights Act and/or the Family Medical Leave Act, and that he did not sustain any workplace injury, during his employment with Solazyme.

3. Transition Services .

a. Services . The Parties agree that during the Transition Period, the Employee shall provide, in good faith, reasonable assistance to Solazyme in connection with its business activities, intellectual property support and the transitioning of his services and business relationships (the “Transition Services”).

b. Compensation During Transition Services . The Parties agree, as compensation in full for the Transition Services, that Solazyme shall continue to pay the Employee his standard base salary and benefits, such as health, disability, accrual of personal time off, and perquisites (to the extent applicable), subject to the applicable terms and conditions of the benefit plans and Solazyme policies and shall allow the Employee to continue to vest in his outstanding stock options and RSUs, in each case for the duration of the Transition Period. Attached as Exhibit B is a schedule showing the Solazyme options and RSUs currently held by the Employee, each of which (if presently unvested) will continue to vest should the Employee remain eligible for such vesting pursuant to the terms of this Agreement.

c. Early Termination of Transition Services . The Parties agree that Solazyme maintains the right to terminate the relationship and end the Transition Services (and the Transition Period) at any time prior to the Separation Date in the event that (i) the Employee fails to materially comply with the terms of this Agreement or the Confidentiality Agreement; or (ii) the Employee engages in any activities that constitute Cause as defined below. Except as provided by a written agreement signed by both the Employee and an authorized executive officer of Solazyme that expressly allows otherwise, the Transition Services shall not extend beyond the Separation Date. Notwithstanding any early termination or extension to the Separation Date, the Employee agrees to remain bound by the terms of this Agreement, including but not limited to the release of claims provided herein.

d. Cause . For purposes of this Agreement, "Cause" shall mean, the occurrence of any one or more of the following events: (i) the Employee's refusal to perform in any material respect his current employment duties; (ii) the Employee's engagement in conduct that causes demonstrable injury, monetarily or otherwise, to Solazyme, including, but not limited to, misappropriation or conversion of assets of Solazyme; or (iii) the Employee's engagement in an act of moral turpitude or conviction of or entry of a plea of nolo contendere to a felony.

4. Employee Release of Claims . The Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to the Employee by Solazyme and its current and former officers, directors, employees, agents, investors, attorneys, stockholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Except as expressly provided herein, the Employee, on his own behalf and on behalf of his respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that the Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from the Employee's employment relationship with Solazyme and the transition and anticipated termination of that relationship;

b. any and all claims relating to, or arising from, the Employee's right to purchase, or actual purchase of shares of stock of Solazyme, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law, based on facts and/or actions that have occurred prior to the Effective Date (other than Employee's ownership right to Solazyme stock or equity awards and any vesting schedules in regard to such equity awards);

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 and 1991 (as amended), and the California Fair Employment and Housing Act ("FEHA"), as amended (including any claims for age, race, color, ancestry, national origin, disability, medical condition, marital status, sexual orientation, gender, gender identity, gender expression, religious creed, pregnancy, sex discrimination and harassment); the Older Workers Benefits Protection Act; the federal Age Discrimination in Employment Act of 1967 (as amended) ("ADEA"); the Employee Retirement Income and Securities Act ("ERISA"); the Family and Medical Leave Act ("FMLA"); the California Family Rights Act ("CFRA"); the federal Americans with Disabilities Act of 1990 ("ADA"); the Lilly Ledbetter Fair Pay Act; the Immigration Reform and Control Act of 1986; the Equal Pay Act, of 1963, as amended; California Business and Professions Code 17200; Uniform Trade Secrets Act; Sarbanes-Oxley Act; any and all protections pursuant to California's Labor Code, laws, statutes or orders or the Fair Labor Standards Act ("FLSA"); any wage and hour law (including any claim for waiting-time penalties); privacy rights; and whistleblower protections;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by the Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

The Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to the payments, benefits or obligations incurred under this Agreement. Except as provided in section 4.b. above, this release does not extend to Employee's rights as an equity holder of Solazyme. This release does not extend to the Employee's contractual or common law rights to an indemnity and/or defense to the extent he is entitled to one by virtue of his employment with the Company and does not relate to claims released hereunder or under the Separation Agreement. For avoidance of doubt, the Employee is not releasing his rights to an indemnity and defense as they are set forth in the Indemnity Agreement that he and Solazyme executed on or about April 29, 2011 (the "Indemnity Agreement"). This release does not release claims that cannot be released as a matter of law, including, but not limited to, the Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against Solazyme (with the understanding that any such filing or participation does not give the Employee the right to recover any monetary damages against Solazyme; the Employee's release of claims herein bars the Employee from recovering such monetary relief from Solazyme). The Employee represents that he has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

5. Exclusion of ADEA/OWBPA . The Employee understands and acknowledges that he is not waiving or releasing by this Agreement any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") or Older Workers Benefit Protection Act ("OWBPA"), and further understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA or OWBPA after the Effective Date of this Agreement. Notwithstanding the foregoing, the Employee acknowledges and agrees that he is not aware of any incidents or events that might give rise to any federal age related claims, does not believe he has any basis otherwise for any federal age related claims, and does not presently intend to assert any federal age related claims. Moreover, the Employee understands and agrees that the Separation Agreement does include an ADEA waiver, and fully complies with the requirements for such a waiver (including, but not limited to, a 21-day review period and 7-day revocation period).

6. Solazyme Release of Claims . Subject to the last sentence of this Section 6, Solazyme releases and forever discharges the Employee, his personal representatives and heirs from and against any and all claims, liabilities, demands, costs, attorney fees, causes of action and damages, including all consequential and incidental damages, whether known or unknown, arising from the beginning of time to the Effective Date of this Agreement, including without limitation those relating directly or indirectly to the Employee's employment with, and/or trustee position with, Solazyme and all claims for personal injury, defamation, breach of contract, and violation of any federal, state constitution or local statute, law or ordinance and the common law. It is understood and agreed that except for the exceptions set forth in this Agreement and the last sentence of this Section 6, this is a full and final release in complete settlement of all claims and rights of every nature and kind whatsoever that Solazyme has or may have against the Employee. Solazyme agrees that Solazyme will never make any claim or demand against the Employee as to any matter released under this Agreement. Notwithstanding the foregoing Solazyme does not release the Employee from any claims resulting from any willful misconduct by the Employee. As of the Effective Date of this Agreement, Solazyme is not aware of any willful misconduct by the Employee.

7. California Civil Code Section 1542 . The Parties acknowledge that they have been advised to consult with legal counsel and are familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties, being aware of the above code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

8. No Pending or Future Lawsuits . Each Party represents that he or it has no lawsuits, claims, or actions pending in his or its names, or on behalf of any other person or entity, against the other Party (and in the case of the Employee against the other Releasees) and do not intend to bring any claims on his or its behalf or on behalf of any other person or entity against the other Party (and in the case of the Employee against the other Releasees).

9. Trade Secrets and Confidential Information/Solazyme Property . The Employee reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of Solazyme's trade secrets and confidential and proprietary information, and assignment of inventions. The Employee's signature below constitutes his certification under penalty of perjury that other than documents relating to his compensation, equity or employment performance, he has, or no later than the Separation Date will have, returned all documents and other items provided to the Employee by Solazyme, developed or obtained by the Employee in connection with his employment with Solazyme, or otherwise belonging to Solazyme, except as may be required to satisfy his obligations under a Consulting Agreement (the "Consulting Agreement") with Solazyme that may be entered into in conjunction with the Separation Agreement.

10. No Cooperation . The Parties further agree that they will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the other Party (and in the case of the Employee against the other Releasees) unless under a subpoena or other court order to do so or as related directly to the ADEA or OWBPA. Each Party agrees both to immediately notify the other Party upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, the Employee shall state no more than that he cannot provide counsel or assistance.

11. Non-Disparagement . Attached as Exhibit C is an agreed upon press release concerning the Employee's transition and planned departure from Solazyme that the Parties will release within three (3) days after the Effective Date of this Agreement. The Parties will utilize the contents of this statement both for purposes of internal and external communications. In addition, the Employee agrees not to disparage Solazyme, its parent and subsidiary entities, their respective officers, directors, employees, stockholders and agents, or Solazyme's products, technologies, or business plans, in any manner likely to be harmful to Solazyme or the other listed entities or persons, or their respective business, business reputations or personal reputation. Likewise, Solazyme will not disparage and agrees to direct its officers (Senior Vice Presidents and above) and directors not to disparage the Employee in any manner likely to be harmful to him or his business reputation or personal reputation. Nothing in this Section will prevent any Party from responding accurately and fully to any inquiry or request for information in the course of a government investigation or as required by compulsion of law (including as required by a subpoena).

12. Breach . The Employee acknowledges and agrees that any material breach of this Agreement, the Separation Agreement (to the extent executed by the Employee), the Consulting Agreement (to the extent executed by the Employee), or of any provision of the Confidentiality Agreement shall entitle Solazyme immediately to cease providing any further consideration provided to the Employee under this Agreement, the Separation Agreement or the Consulting Agreement, except as provided by law, in addition to seeking any other appropriate relief allowed by law or in equity.

13. No Admission of Liability . The Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by the Employee. No action taken by Solazyme hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by Solazyme of any fault or liability whatsoever to the Employee or to any third party.

14. Non-Solicitation . The Employee acknowledges and agrees that information regarding employees of Solazyme is confidential information, including without limitation, the names of Solazyme employees, contractors or consultants; information regarding the skills and knowledge of employees, contractors or consultants of Solazyme; information regarding any past, present, or intended compensation, benefits, policies and incentives for employees, contractors or consultants of Solazyme; and information regarding the management and reporting structure of Solazyme. As a reasonable measure to protect Solazyme from the harm of such disclosure and use of its confidential information, trade secrets and good-will established against it, the Employee acknowledges and confirms that until the later of twelve (12) months after (i) the Effective Date and (ii) the termination or expiration date of the Consulting Agreement (if executed by the Employee), the Employee will not, directly or indirectly solicit or attempt to solicit any person who is, an employee, contractor or consultant with Solazyme, or otherwise solicit, encourage, cause or induce any such employee, contractor or consultant to terminate such relationship with Solazyme.

15. Costs . The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement and the Separation Agreement.

16. Tax Consequences . Solazyme makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to the Employee or made on his behalf under the terms of this Agreement, the Separation Agreement or the Consulting Agreement. The Employee agrees and understands that he is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided by Solazyme hereunder or pursuant to the Separation Agreement or the Consulting Agreement, and any penalties or assessments thereon. The Employee further agrees to indemnify and hold Solazyme harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against Solazyme for any amounts claimed due from him on account of (a) the Employee's failure to pay or Solazyme's failure to withhold, or the Employee's delayed payment of, federal or state taxes, or (b) damages sustained by Solazyme by reason of any such claims, including attorneys' fees and costs.

17. Authority . Solazyme represents and warrants that the undersigned has the authority to act on behalf of Solazyme and to bind Solazyme and all who may claim through it to the terms and conditions of this Agreement. The Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations . Each Party represents that he or it has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other that are not specifically set forth in this Agreement.

19. Severability . In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without that provision or portion of provision.

20. Attorneys' Fees . In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

21. Entire Agreement . This Agreement, together with the Confidentiality Agreement, the Option Agreements, the RSU Agreements, the Indemnity Agreement and the Separation Agreement, represents the entire agreement and understanding between Solazyme and the Employee concerning the subject matter of this Agreement and the Employee's employment with Solazyme, transition of employment, and anticipated separation from employment with Solazyme and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and the Employee's relationship with Solazyme.

22. No Oral Modification . This Agreement may only be amended in a writing signed by the Employee and an executive officer of Solazyme.

23. Governing Law . This Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. The Employee consents to personal and exclusive jurisdiction and venue in the County of San Mateo in the State of California.

24. Effective Date . This Agreement will become effective on the date it has been signed by both Parties (the "Effective Date").

25. Counterparts . This Agreement may be executed in counterparts and by PDF or facsimile, and each counterpart, PDF and facsimile shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Notices . Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when sent by electronic mail or facsimile (provided that receipt is confirmed), when delivered via overnight courier (such notice effective as of the first business day following delivery of the notice to the overnight courier) or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Employee, mailed notices shall be addressed to him at the home address that he most recently communicated to Solazyme in writing. In the case of Solazyme, mailed notices shall be addressed to Solazyme's corporate headquarters, and all notices shall be directed to the attention of the General Counsel.

27. Voluntary Execution of Agreement . Each Party understands and agrees that it or he executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the other Party or any third party, with the full intent of releasing all of their claims against the other (and in the case the Employee, the other Releasees), except as specified herein. The Employee acknowledges that:

(a) He has read this Agreement;

(b) He has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel;

(c) He understands the terms and consequences of this Agreement and of the releases it contains; and

(d) He is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Harrison Dillon , an individual

Dated: September 5, 2013

/s/ Harrison Dillon
Harrison Dillon

SOLAZYME, INC.

Dated: September 5, 2013

By /s/ Jonathan Wolfson
Name: Jonathan Wolfson
Title: CEO

Exhibit 10.2

SEPARATION AND RELEASE AGREEMENT

In consideration for the mutual promises and consideration provided both herein and in the Transition Agreement and Release signed September 5, 2013 (the "Transition Agreement") between Harrison Dillon (the "Employee") and Solazyme, Inc. ("Solazyme") (collectively the "Parties"), the Parties hereby extend by this Separation and Release Agreement (the "Separation Agreement") the release and waiver provisions therein to any and all claims that may have arisen between the execution date of the Transition Agreement and the Effective Date of this Separation Agreement, and to add such releases and waivers as provided herein, expressly including but not limited to a waiver of any federal age related claims under the ADEA.

1. Consideration . In lieu of all severance compensation and benefits whatsoever, including without limitation any benefits the Employee may have been entitled to as a result of the Solazyme Executive Severance and Change of Control Plan, or any employment letter or offer letter that the Employee may have entered into with Solazyme (including without limitation the Employment Agreement dated February 7, 2007 and the Offer Letter dated May 19, 2011), if the Employee (i) signs (on or after the Separation Date (as defined in the Transition Agreement)), dates and returns this fully executed Separation Agreement to Solazyme within the time set forth in Sections 5 and 6, (ii) allows the releases contained herein to become effective and (iii) otherwise complies with the requirements set forth in this Separation Agreement, the Transition Agreement, the Consulting Agreement described in Section 1(c) (if executed by the Employee), and the Employee's Proprietary Information and Inventions Agreement dated October 11, 2004 (the "Confidentiality Agreement"), Solazyme will provide the Employee with the following as the Employee's sole severance benefits (the "Severance Benefits"):

a. Severance Payment . Solazyme will pay to the Employee $312,000 (less the value of the unused paid time off paid to the Employee as of the Separation Date), subject to standard payroll deductions and withholdings. This severance payment will be paid in a lump sum within ten (10) days after this Separation Agreement becomes "Effective", as set forth in Section 6, provided the Employee has not materially violated any provisions of this Separation Agreement, the Transition Agreement, the Consulting Agreement (if executed by the Employee), or the Confidentiality Agreement.

b. Health Insurance Premium Payments . As an additional severance benefit, so long as the Employee timely elects (and remains eligible for) health benefits continuation pursuant to COBRA, Solazyme will pay the Employee's applicable premiums (including spouse or family coverage if the Employee had such coverage on the Separation Date) for such continuation coverage under COBRA (payable as and when such payments become due) during the period commencing on the Separation Date and ending on the earliest to occur of (a) 24 months following the Separation Date, (b) the termination of the Consulting Agreement, (c) the date upon which the Employee materially breaches this Separation Agreement, the Transition Agreement, the Consulting Agreement (if executed by the Employee), and/or the Confidentiality Agreement, and (d) the date upon which the Employee and his covered dependents, if any, become eligible for health insurance coverage through another employer.

c. Consulting Agreement . As an additional severance benefit, Solazyme will provide the Employee with an opportunity to enter into a Consulting Agreement (the "Consulting Agreement") in the form provided as Attachment A . Solazyme will provide an executed copy of the Consulting Agreement to the Employee on the Separation Date. If the Employee chooses to enter into the Consulting Agreement the Employee must do so on or prior to the Effective Date, at which time Solazyme's offer to enter into the Consulting Agreement with the Employee shall lapse. If the Employee enters into the Consulting Agreement by the Effective Date, the Employee's Continuous Service Status (as defined in Solazyme's 2004 Equity Incentive Plan and 2011 Equity Incentive Plan (collectively, the "Plans")) will not be interrupted and equity awarded to the Employee under the Plans and the Employee's associated Stock Option Agreements and Restricted Stock Unit Agreements will continue to vest as provided therein. If the Employee does not enter into the Consulting Agreement, the Separation Date is the Employee's date of termination of employment under the Plans and the Employee's associated Stock Option Agreements and Restricted Stock Unit Agreements for vesting purposes.

d. Breach . In the event that the Employee materially breaches his obligations to Solazyme under this Separation Agreement, the Transition Agreement, the Consulting Agreement (if executed by the Employee), the Confidentiality Agreement, or as otherwise imposed by law, the Employee agrees that Solazyme will be entitled to terminate the further provision of the Severance Benefits provided in this Section 1 (including without limitation the continued vesting of the Employee's equity awards), in addition to seeking any other appropriate relief allowed by law or in equity.

2. Release . The undersigned Parties expressly acknowledge and agree that the terms of Sections 4, and 6-27 of the Transition Agreement shall apply equally to this Separation Agreement, shall be construed to be extended through the Effective Date of this Separation Agreement, and are incorporated by reference herein. The Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to the Employee by Solazyme and its current and former officers, directors, employees, agents, investors, attorneys, stockholders, administrators, affiliates, benefit plans, plan administrators, insurers, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Each Party, on his or its own behalf and on behalf of his or its respective heirs, family members, executors, agents, successors and assigns, hereby and forever releases the other Party and the Employee releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that either Party may possess against the other or that the Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Separation Agreement. Notwithstanding the foregoing Solazyme does not release the Employee from any claims resulting from any willful misconduct by the Employee. As of the date of this Separation Agreement, Solazyme is not aware of any willful misconduct by the Employee.

3. Payment of Salary and Receipt of All Benefits . The Employee acknowledges and represents that, as of the date this Separation Agreement is executed, Solazyme has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, leave, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, RSUs, vesting, and any and all other benefits and compensation due and owing to the Employee. The Employee further acknowledges and represents that he has received any leave to which he was entitled or that he requested, if any, under the California Family Rights Act and/or the Family Medical Leave Act, and that he did not sustain any workplace injury, during his employment with Solazyme.

4. California Civil Code Section 1542 . The Employee acknowledges that he has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Employee, being aware of the above code section, agrees to expressly waive any rights he may have thereunder, as well as under any other statute or common law principles of similar effect.

5. ADEA Waiver . The Employee further expressly understands and acknowledges that, pursuant to the terms of this Separation Agreement, he is expressly waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. The Employee understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date he executes this Separation Agreement. The Employee understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which the Employee was already entitled. The Employee further understands and acknowledges that he has been advised by this writing that: (a) he should consult with an attorney prior to executing this Separation Agreement; (b) he has twenty-one (21) days from the Separation Date within which to consider this Separation Agreement, by which time Solazyme must receive an executed copy; (c) he has seven (7) days following his execution of this Separation Agreement to revoke this Separation Agreement, and agrees that any such revocation must be in a writing by email or federal express received by Solazyme by midnight on the seventh day following the Employee's execution of this Separation Agreement; (d) this Separation Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Separation Agreement prevents or precludes the Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event the Employee signs this Separation Agreement and returns it to Solazyme in less than the 21-day period identified above (but in any event the Employee agrees not to execute or return this Separation Agreement prior to his separation from employment with Solazyme), the Employee hereby acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Separation Agreement. The Employee understands and agrees that he executed this Separation Agreement voluntarily, without any duress or undue influence on the part or behalf of Solazyme or any third party, with the full intent of releasing all of his claims against the Releasees.

6. Effective Date . The Employee has seven (7) days after he signs this Agreement to revoke it. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has not been revoked by the Employee before that date (the "Effective Date").

7. Voluntary Execution . Each Party understands and agrees that he or it executed this Separation Agreement voluntarily, without any duress or undue influence on the part or behalf of the other Party or any third party, with the full intent of releasing all of his claims against the other Parry and any claim the Employee has against any of the other Releasees. Each Party acknowledges that: (a) he or it has read this Separation Agreement; (b) he or it has been represented in the preparation, negotiation, and execution of this Separation Agreement by legal counsel of his own choice or has elected not to retain legal counsel; (c) he or it understands the terms and consequences of this Separation Agreement and of the releases it contains; and (d) he or it is fully aware of the legal and binding effect of this Separation Agreement.

8. Entire Agreement . This Separation Agreement, together with the Transition Agreement, the Confidentiality Agreement, the Indemnity Agreement, the Option Agreements and any RSU Agreements executed by the Employee with Solazyme, represent the entire agreement and understanding between Solazyme and the Employee concerning the subject matter of this Agreement and the Employee's employment with Solazyme, transition of employment, and anticipated separation from employment with Solazyme and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and the Employee's relationship with Solazyme,

9. Governing Law . This Separation Agreement shall be governed by the laws of the State of California, without regard for choice-of-law provisions. The Parties consent to personal and exclusive jurisdiction and venue in the County of San Mateo in the State of California.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Harrison Dillon , an individual

Dated: September 30, 2013

/s/ Harrison Dillon
Harrison Dillon

SOLAZYME, INC.

Dated: September 30, 2013

By /s/ Paul Quinlan
Name: Paul Quinlan
Title: General Counsel

Exhibit 10.3

CONSULTING AGREEMENT

THIS AGREEMENT ("Agreement"), effective as of September 30, 2013 (the "Effective Date"), is by and between Harrison Dillon, having a mailing address of _____("Consultant"), and Solazyme, Inc., a Delaware corporation having a principal place of business at 225 Gateway Boulevard, South San Francisco, CA 94080 (the "Company" and together with "Consultant" may be collectively referred to hereunder as the "Parties").

WHEREAS , Consultant is in the process of transitioning from being the President of the Company to being a consultant to the Company; and

WHEREAS , the Company desires to utilize the Consulting Services (as defined below) of Consultant in order to continue to obtain the benefit, experience and ability of Consultant; and

WHEREAS , Consultant is willing to render such Consulting Services and to devote Consultant's best efforts to the Company upon the terms and conditions hereinafter set forth.

NOW, THEREFORE , in consideration of the foregoing and the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Scope of Consulting Services; Term .

(a) The Company hereby engages Consultant to advise and assist the Company with regard to support of general business activities and intellectual property support, including without limitation, the services set forth in Exhibit A (collectively, the "Consulting Services"). The Company hereby retains Consultant, and Consultant hereby agrees, to perform assignments, and engage in other work at the direction of the Company related to the Consulting Services. Consultant agrees to perform the Consulting Services on a mutually agreed schedule and location during the Term (defined in Section 1(c) below).

(b) Consultant shall perform the Consulting Services diligently, timely and conscientiously, in accordance with the highest professional standards and in compliance with all applicable laws and regulations. Consultant shall cooperate with the Company's personnel and shall not interfere with the conduct of the Company's business.

(c) Unless terminated earlier under Section 7, the term of this Agreement ("Term") shall commence on the Effective Date and expire on the third anniversary of the Effective Date.

2. Consulting Compensation .

(a) Consulting Fee . The Company shall pay Consultant a fee of $500 per hour during the first 24 months of the Term. Consultant shall provide, and the Company shall pay for, a minimum of 8 hours per month of Consulting Services during the first 24 months of the Term on mutually convenient dates and times. The Company shall not pay for, or receive, more than 8 hours per month of services during the first 24 months of the Term without the prior written mutual consent of the Company and Consultant. Consultant will also provide a maximum of 8 hours per month of Consulting Services on mutually convenient dates and times during the final 12 months of the Term in return for the continued vesting of his equity awards from the Company and shall not receive any other fee for such services. If the Company and Consultant mutually consent in writing to have Consultant provide more than 8 hours per month of Consulting Services during any of the final 12 months of the Term, the Company shall pay Consultant a fee of $500 per hour for each hour in excess of 8 hours up to the maximum amount indicated in the Company's and Consultant's mutual consent. During the Term, Consultant shall on a monthly basis submit to the Company an itemized invoice detailing Consultant's activities in such month. The Company shall pay the amount due to Consultant within thirty (30) days of its receipt of such invoice.

(b) Expense Reimbursement . The Company shall also reimburse Consultant for reasonable expenses for airfare and related kinds of travel expenses (e.g., parking), accommodations and food (except for site visits at the Company), incurred during Consultant's performance of Consulting Services under this Agreement. Consultant shall obtain prior written consent (email will suffice) from the Company prior to any reimbursable travel under this Agreement. Reimbursement of expenses shall be in accordance with the Company's written expense reimbursement policy. Travel time shall not be compensated or included as part of the Consulting Services. Expenses that exceed $1,000 in the aggregate during any given month of the Term shall require the Company's prior approval (email will suffice). Expenses shall be reimbursed within thirty (30) days of Consultant's submission of an invoice setting forth each expense, including the date, amount and purpose for the expense, together with receipts showing payment by Consultant. The Company has no obligation to reimburse Consultant for expenses that are incurred by Consultant that are not properly documented.

3. Independent Contractor Status . Consultant agrees and acknowledges that Consultant is acting as an independent contractor in performing the Consulting Services and for all other purposes under this Agreement and that the relationship between Consultant and the Company shall not constitute an employer-employee relationship, partnership, joint venture, or agency. Consultant shall be solely responsible for any and all taxes and any withholding and other self-employment tax obligation with respect to this Agreement. Consultant agrees that Consultant is not entitled to any of the benefits provided by the Company to the Company employees and that the Company shall not procure, maintain or make payments with respect to any workers' compensation or unemployment compensation insurance for or on behalf of Consultant. This provision does not apply to Company's agreement to provide health insurance premium payments according to Section 1b of the Separation and Release Agreement.

4. Competitive Activities . Consultant agrees that during the Term he shall not engage in any employment, occupation, consulting or other business activity that is directly related to, or competitive with, the business in which the Company is now involved, nor will he engage in any other activities that conflict with his obligations to the Company. Consultant will inform the CEO of the Company in writing (email will suffice) of proposed employment, consulting and business activities of Consultant during the Term, with a reasonable description of his involvement in such activities, if such consulting and/or business activity is reasonably related to the Company's Technology Platform (as defined in Exhibit A). The CEO or an individual designated by the CEO shall respond within one week of such notice indicating either (a) that the Company does not believe the proposed employment, consulting or business activities constitute competitive activities; or (b) that the Company does believe the proposed employment, consulting or business activities constitute competitive activities; or (c) that the Company desires further information about the proposed employment, consulting or business activities. In the case of (c), a timely response to provision of further information indicating (a) or (b) shall not be unreasonably withheld. Lack of response to Consultant's notice within one week shall be deemed agreement that the proposed employment, consulting or business activities do not constitute competitive activities.

5. Ownership of Intellectual Property and Work Product . All work, reports, writings, ideas, designs, methods, computer software and data recorded in any form that are created, developed, written, conceived or made by or on behalf of Consultant (whether solely or jointly with others) in rendering Consulting Services hereunder, or in the performance of Consultant's obligations under this Agreement, or otherwise related to the Company's Technology Platform (collectively, "Work Product") shall be and remain the exclusive property of the Company. The Company shall own all right, title and interest in and to any and all inventions, discoveries, know-how and other intellectual property, including, without limitation, any improvements thereto, that are conceived, reduced to practice or otherwise made by or on behalf of Consultant (whether solely or jointly with others) in rendering Consulting Services hereunder, or the performance of Consultant's obligations under this Agreement, or otherwise directly related to the Company's Technology Platform and any patent, trade secret or other intellectual property rights with respect thereto (collectively, "Intellectual Property"). Consultant hereby assigns and transfers to the Company any and all right, title and interest Consultant may have in and to such Intellectual Property throughout the world. Consultant shall make full disclosure to the Company of Work Product. Consultant agrees that Work Product that is copyrightable subject matter shall be "work made for hire" within the meaning of the copyright laws of the United States. Consultant shall (i) execute all documents and perform all acts deemed necessary by the Company to evidence the Company's ownership of the Intellectual Property and Work Product, and (ii) assist the Company in preparing, prosecuting, obtaining, registering, maintaining, defending and enforcing, at the Company's expense, at the Company's discretion and exclusive control, all patents and any foreign equivalents thereof, trademarks, copyrights, trade secret rights and other proprietary rights in and to the Intellectual Property and Work Product in any and all countries as may be determined by the Company. Consultant shall provide additional assistance to the Company, as necessary, to protect the Company's ownership of the Intellectual Property and Work Product in the event of any third party claims related to such ownership.

Consultant hereby appoints the Company as attorney-in-fact for the purpose of executing such documents in Consultant's name as may be necessary or desirable to carry out the purposes of this paragraph. Consultant represents, warrants and covenants that neither this Agreement nor Consultant's Consulting Services hereunder will violate any written agreement, which Consultant has with any other employer, former employer or any other third party and Consultant will not, in performing the Consulting Services, disclose, violate, infringe or misappropriate any patent, intellectual property, trade secrets or other proprietary information of third parties.

6. Confidential Information . "Confidential Information" subject to this Agreement is the Company's information, in written or verbal form, which comprises or is directly related to technical plans and information, experimental data, financial information, business strategies, grant applications, patent applications, specifications, scientific procedures and techniques, biological material, intellectual property strategies, trade secrets, general business and commercial information, and other like information. Consultant will protect the Confidential Information provided to Consultant by or on behalf of the Company from any use, distribution or disclosure except as explicitly permitted by the Company. Consultant will use no less than a high standard of care when protecting Confidential Information and will use Confidential Information solely for purposes of performing Consulting Services. Notwithstanding the foregoing, Consultant shall have no obligation to the Company with respect to the use, or disclosure to others not party to this Agreement, of such information that: a) prior to disclosure was known to or in the possession of Consultant as evidenced by its written records; b) is or becomes publicly known during the Term, other than through a breach of Consultant's obligations hereunder; c) is rightfully received from a third party who is free to disclose to others without breach of any obligation of non-disclosure; or d) is developed by Consultant independently of any disclosures made under this Agreement as evidenced by its written records, or e) is authorized to be released by way of express written authorization by the Company. In addition Consultant shall be entitled to disclose Confidential Information to the extent such disclosure is required by applicable law, regulation or bona fide legal process to be disclosed; provided, however, that (i) Consultant takes all reasonable steps to restrict and maintain the confidentiality of such disclosure and provides reasonable prior written notice to the Company of the requirement to disclose such information along with the specific disclosure(s) proposed to satisfy such law(s), regulation(s) or legal process(es), and (ii) Confidential Information disclosed pursuant to this Section 6 shall otherwise remain Confidential Information for the purposes of this Agreement. The obligations set forth in this Section 6 with respect to Confidential Information shall continue in full force and effect for a period of two (2) years after the date of termination or expiration of this Agreement. Thereafter, Consultant's obligations under this Section 6 shall survive and continue in effect with respect to Confidential Information that is a trade secret under applicable law. Consultant shall be free to disclose to others that he is providing, or has provided, Consulting Services.

7. Termination .

(a) This Agreement may be terminated earlier by the Company immediately on written notice to Consultant:

(i) if Consultant is in breach of his obligations under Section 4 of this Agreement;

(ii) if Consultant is in material breach of this Agreement;

(iii) if Consultant is in material breach of the Separation and Release Agreement with the Company dated on or about the date hereof; and/or

(iv) if Consultant is in material breach of the Employee Proprietary Information and Inventions Agreement with the Company dated October 11, 2004.

(b) In the event of termination pursuant to this Section 7 or expiration of this Agreement, Consultant shall be entitled to receive any consulting fee and expense reimbursement due and payable under this Agreement but not yet paid as of the effective date of termination or expiration and shall be entitled to all RSUs vested through the termination or expiration of this Agreement and to exercise all stock options vested through the termination or expiration of this Agreement within three months of such termination or expiration. Such payments shall constitute full and complete settlement of any and all claims of Consultant of every description against the Company. Upon termination or expiration of this Agreement, Consultant shall immediately deliver to the Company all Confidential Information, Work Product and other property of the Company.

(c) Consultant may terminate this Agreement on 45 days notice to the Company.

8. Remedies . All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

9. Governing Law and Disputes . This Agreement shall be governed by and construed under the laws of California without reference to its principles of choice of law.

10. Entire Agreement; Modifications . This Agreement sets forth and constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and all prior agreements, understandings, promises and representations, whether written or oral, with respect thereto are superseded hereby. No amendment, modification, release or discharge hereof shall be binding upon the parties unless in writing and duly executed by authorized representatives of both Parties.

11. Severability . If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never compromised a part hereof, and (c) the remaining provisions of this Agreement shall remain in full force and effect.

12. Non-Solicitation . During the Term and for a period of one (1) year after the termination or expiration of this Agreement, Consultant shall not directly or indirectly (i) divert or attempt to divert from the Company (or any affiliate) any business of any kind in which it is engaged, including, without limitation, the solicitation of or interference with any of its suppliers or customers or (ii) solicit, induce, recruit or encourage any person employed by the Company to leave his or her employment.

13. Survival . The respective rights and obligations of the parties set forth in Sections 5, 6, 7, 8, 9, 12 and 13 of this Agreement shall survive the termination or expiration of this Agreement.

14. Counterparts . This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall together be deemed to constitute one agreement.

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

SOLAZYME, INC.	**HARRISON DILLON**
By: /s/ Jonathan Wolfson	/s/ Harrison Dillon
Name: Jonathan Wolfson	
Title: CEO	

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
(Pursuant to Rule 13a-14(a) of the
Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jonathan Wolfson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Solazyme, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2013

/ S / J ONATHAN W OLFSON
Jonathan Wolfson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
(Pursuant to Rule 13a-14(a) of the
Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, Tyler W. Painter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Solazyme, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2013

/ S / T YLER W. P AINTER
Tyler W. Painter
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Jonathan Wolfson, Chief Executive Officer of Solazyme, Inc. (the "Company"), and I, Tyler W. Painter, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2013 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

/s/ Jonathan Wolfson
Jonathan Wolfson
Chief Executive Officer

Date: November 6, 2013

/s/ Tyler W. Painter
Tyler W. Painter
Chief Financial Officer

Date: November 6, 2013

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date of the Report and irrespective of any general incorporation language contained in such filing.