SOLAZYME INC

FORM 10-Q
(Quarterly Report)

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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 March 31, 2016

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 May 2, 2016**
Common Stock, $0.001 par value per share	84,591,172 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

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63,820	$ 46,966
Marketable securities available-for-sale	40,020	51,009
Accounts receivable, net	3,564	3,552
Unbilled revenues	685	1,036
Inventories	12,481	12,018
Prepaid expenses and other current assets	4,104	4,363
Total current assets	124,674	118,944
Property, plant and equipment, net	25,554	26,344
Investment in Solazyme Bunge JV	37,385	35,910
Other assets	771	774
Total assets	$ 188,384	$ 181,972
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 6,822	$ 7,016
Accrued liabilities	12,129	14,155
Deferred revenue	5,662	4,159
Total current liabilities	24,613	25,330
Deferred revenue	—	500
Convertible debt	202,599	202,015
Other liabilities	791	602
Total liabilities	228,003	228,447
Commitments and contingencies (Note 15)		
Convertible preferred stock, par value $0.001—5,000,000 shares authorized; 27,850 and zero shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively.	26,763	—
Stockholders' deficit:		
Common stock, par value $0.001—150,000,000 shares authorized; 82,307,159 and 81,734,078 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	82	82
Additional paid-in capital	589,195	585,679
Accumulated other comprehensive loss	(19,242)	(22,331)
Accumulated deficit	(636,417)	(609,905)
Total stockholders' deficit	(66,382)	(46,475)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 188,384	$ 181,972

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	**2015**
Revenues:		
Product revenues	$ 7,272	$ 8,821
Research and development programs	3,587	3,784
Total revenues	10,859	12,605
Costs and operating expenses:		
Cost of product revenues	3,217	4,670
Research and development	8,231	12,554
Sales, general and administrative	16,768	21,268
Restructuring charges	1,190	424
Total costs and operating expenses	29,406	38,916
Loss from operations	(18,547)	(26,311)
Other income (expense):		
Interest and other income, net	314	263
Interest expense	(3,489)	(3,536)
Loss from equity method investment	(4,872)	(5,066)
Gain (loss) from change in fair value of derivative liabilities	82	(15)
Total other expense, net	(7,965)	(8,354)
Net loss	$ (26,512)	$ (34,665)
Net loss per share, basic and diluted	(0.32)	(0.44)
Weighted average number of common shares used in loss per share computation, basic and diluted	81,949,916	79,649,561

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	**2015**
Net loss	$ (26,512)	$ (34,665)
Other comprehensive income (loss), net:		
Change in unrealized gain/loss on available-for-sale securities	4	174
Foreign currency translation adjustment	3,085	(6,196)
Other comprehensive income (loss)	3,089	(6,022)
Total comprehensive loss	$ (23,423)	$ (40,687)

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

	Three Months Ended March 31,	
	2016	**2015**
Operating activities:		
Net loss	$ (26,512)	$ (34,665)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,179	1,468
Gain on sale of available-for-sale securities	(1)	—
Net amortization of premiums on marketable securities	69	356
Amortization of debt discount and loan fees	666	623
Warrant expense related to vesting of ADM Warrant	—	21
Provision for doubtful accounts	321	—
Non-cash restructuring charges	—	424
Stock-based compensation expense	2,736	4,070
Loss from equity method investment	4,872	5,066
Revaluation of derivative liabilities	(82)	15
Changes in operating assets and liabilities:		
Accounts receivable	(1,415)	(2,474)
Unbilled revenues	351	1,649
Inventories	(462)	238
Prepaid expenses and other assets	282	(193)
Accounts payable	(413)	(2,406)
Accrued liabilities	(1,872)	(2,167)
Deferred revenue	1,003	(300)
Other current and long-term liabilities	189	1,506
Net cash used in operating activities	(19,089)	(26,769)
Investing activities:		
Purchases of property, plant and equipment	(366)	(178)
Purchases of marketable securities	(1,283)	(8,887)
Maturities of marketable securities	9,311	37,411
Proceeds from sales of marketable securities	3,016	426
Capital contributions in unconsolidated joint venture	(2,361)	(6,631)
Restricted certificates of deposit	—	181
Net cash provided by investing activities	8,317	22,322
Financing activities:		
Repayments under loan agreements	—	(6)
Proceeds from the issuance of senior subordinated convertible notes	—	87
Proceeds from the issuance of common stock	263	313
Proceeds from issuance of preferred stock, net of offering costs	27,293	—
Cash settlement of vested restricted stock units	—	(17)
Net cash provided by financing activities	27,556	377
Effect of exchange rate changes on cash and cash equivalents	70	(423)
Net increase in cash and cash equivalents	16,854	(4,493)
Cash and cash equivalents — beginning of period	46,966	42,689
Cash and cash equivalents — end of period	$ 63,820	$ 38,196
Supplemental disclosures of cash flow information:		
Interest paid in cash, net of capitalized interest	$ 1,851	$ 1,849
Non-cash financing activity:		
Non-cash issuance of common stock options for offering costs	$ 335	$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

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

1. THE COMPANY

Nature of Business —Solazyme, Inc. (the "Company") was incorporated in the State of Delaware on March 31, 2003. The Company creates food, nutrition and specialty ingredients from algae. Moving forward, the Company will be known as TerraVia ™. The Company is targeting changing its Nasdaq ticker listing to NASDAQ: TVIA and anticipates the legal name change to TerraVia Holdings, Inc. to occur in mid-May 2016.

The Company's proprietary technology uses microalgae to produce high-value triglyceride oils, proteins, fibers, micronutrients and other ingredients. The Company has developed and is commercializing products for food and nutrition ingredients, animal nutrition ingredients and specialty skin and personal care applications and its products can replace or enhance products derived from the world's three existing oil sources: petroleum, plants and animal fats. The Company's technology platform harnesses the oil, protein and polysaccharide-producing characteristics of microalgae and the Company is able to tailor the composition of its oils, powders and other bioproducts to address specific customer requirements. The Company uses standard fermentation equipment to convert sugars into the desired end product. By feeding plant-based sugars to the Company's proprietary microalgae in enclosed fermentation tanks, the Company is in effect utilizing "indirect photosynthesis."

The Company is involved in a highly competitive industry that 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.

Liquidity —The Company has incurred substantial net losses since its inception; the Company incurred net losses of $26.5 million and $34.7 million during the three months ended March 31, 2016 and 2015, respectively. Accumulated deficit was $636.4 million as of March 31, 2016. Net cash used in operating activities was $19.1 million and $26.8 million during the three months ended March 31, 2016 and 2015, respectively. Cash and cash equivalents and marketable securities available for sale were $103.8 million as of March 31, 2016.

The Company is an emerging growth company with a limited operating history. The Company only recently began commercializing many of its products. To date, a substantial portion of revenues has consisted of funding from third party collaborative research agreements and government grants. The Company has generated limited revenues from commercial sales, principally derived from sales of skin and personal care products. A significant portion of future revenues are expected to come from commercial sales in the food and nutrition ingredients and specialty skin and personal care products.

Net losses may continue as the Company ramps up manufacturing capacity and builds out its product pipeline. The Company expects to incur additional costs and expenses related to the continued development and expansion of its business, including research and development, the operation of its commercial production facility in Peoria, Illinois ("Peoria Facility"), the ramp up and operation of the commercial production facility in Brazil ("Solazyme Bunge JV") through its joint venture with Bunge Global Innovation, LLC (together with its affiliates, "Bunge") and other commercial facilities.

The Company, along with its development and commercialization partners, needs to develop products successfully, cost effectively produce them in large quantities and market and sell such products profitably. The Company's failure to generate sufficient revenues, achieve planned gross margins, control operating costs or raise sufficient additional funds may require it to modify, delay or abandon its planned operations, which could have a material adverse effect on the business, operating results, financial condition and ability to achieve intended business objectives. The Company may be required to seek additional funds through collaborations, public or private debt or equity financings or government programs, and may also seek to reduce expenses related to the Company's operations. In March 2016, the Company issued 27,850 shares of Convertible Preferred Stock for cash proceeds of $27.3 million , net of associated cash costs (see Note 17). There can be no assurance that any additional financing will be available or on acceptable terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Basis of Presentation - The accompanying unaudited interim 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 condensed consolidated financial position, results of operations and cash flows for the periods presented. The unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Solazyme Brazil Renewable Oils and Bioproducts Limitada (“Solazyme Brazil”) and Solazyme Manufacturing 1, L.L.C., the latter of which owns the Company's facility located in Peoria, Illinois ("Peoria Facility"). All intercompany accounts and transactions have been eliminated in consolidation.

T he Company entered into a joint venture agreement ("Joint Venture Agreement") with Bunge, which is a variable interest entity ("VIE") that is 50.1% owned by the Company and 49.9% owned by Bunge. The Company determined that it was not required to consolidate the 50.1% ownership in this joint venture and, therefore, accounts for this joint venture under the equity method of accounting (see Note 11).

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 months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016, or for other interim periods or future years.

These unaudited interim 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, 2015, as filed with the United States Securities and Exchange Commission (“SEC”) on March 15, 2016. The December 31, 2015 unaudited interim condensed consolidated balance sheet included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures, including notes required by GAAP for complete financial statements.

Significant Accounting Policies – 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, 2015.

Recently Adopted Accounting Standards — In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs* . The standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as an asset. The Company adopted ASU 2015-03 retrospectively in its fiscal quarter ended March 31, 2016. As a result of the retrospective adoption, the Company reclassified unamortized debt issuance costs of $0.5 million from other long-term assets to a reduction in convertible debt on the condensed consolidated balance sheet as of December 31, 2015.

Recent Accounting Pronouncements —In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”), which supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition* . ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In addition, in March and April 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606),* which clarify the guidance in ASU 2014-09 and have the same effective date as the original standard. This new guidance is effective for interim and annual reporting periods beginning after December 15, 2017, and early adoption is permitted, but not before December 15, 2016. The Company is currently assessing the potential impact of this new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The ASU is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is in the process of evaluating the impact of the adoption of this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation, Stoc *k Compensation (Topic 718)* , a new standard simplifying certain aspects of accounting for share-based payments. The key provision of the new standard requires that excess tax benefits and shortfalls be recorded as income tax benefit or expense in the income statement, rather than in equity. The ASU is effective for public companies for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early

adoption is permitted. The Company is in the process of evaluating the impact of the adoption of this new guidance on its consolidated financial statements.

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, including stock options, common stock issuable pursuant to the 2011 Employee Stock Purchase Plan, restricted stock, restricted stock units and common stock warrants. 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 outstanding shares of potentially dilutive securities were excluded from the calculation of diluted net loss per share for the three months ended March 31, 2016 and 2015, as their effect was anti-dilutive:

	March 31,	
	2016	2015
Options to purchase common stock	13,165,913	10,747,216
Restricted stock units	1,714,008	1,902,783
Warrants to purchase common stock	750,000	1,250,000
Shares of common stock to be issued upon conversion of Series A Preferred Stock	13,925,000	—
Shares of common stock to be issued upon conversion of convertible debt ("Notes")	18,790,996	18,790,996
Total	48,345,917	32,690,995

The table above does not reflect early conversion payment features of the Notes (see Notes 8 and 14) 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.

4. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss, by component, are as follows (in thousands):

	Foreign Currency Translation Adjustments	Change in Unrealized Gain/(Loss) on Available-For-Sale Securities	Total Accumulated Other Comprehensive Loss
Balance at December 31, 2015	$ (22,333)	$ 2	$ (22,331)
Other comprehensive income (loss)	3,085	4	3,089
Balance at March 31, 2016	$ (19,248)	$ 6	$ (19,242)

5. SEGMENT INFORMATION

The Company has two operating segments for financial statement reporting purposes: Algenist ® and Ingredients & Other. The Company's chief operating decision maker reviews and monitors gross margin by segment, however, the Company does not allocate its operating expenses between its different segments and its collaborative research and development programs, and therefore, the chief operating decision maker does not evaluate financial performance beyond product gross margin. The Company does not allocate its assets to its reportable segments.

The following table shows gross margin for the Company's reportable segments for the three months ended March 31, 2016 and 2015, reconciled to the Company's total product revenue and cost of product revenue as shown in its condensed consolidated statements of operations (in thousands):

Three months ended March 31, 2016	Algenist ®	Ingredients & Other	Total
Product revenues	$ 5,971	$ 1,301	$ 7,272
Cost of product revenues	1,923	1,294	3,217
Segment gross profit	$ 4,048	$ 7	$ 4,055
Three months ended March 31, 2015			
Product revenues	$ 6,211	$ 2,610	$ 8,821
Cost of product revenues	2,320	2,350	4,670
Segment gross profit	$ 3,891	$ 260	$ 4,151

A reconciliation of total segment gross profit to operating loss is as follows:

	Three Months Ended March 31,	
	2016	2015
Gross profit	$ 4,055	$ 4,151
Research and development programs revenue	3,587	3,784
Research and development expense	(8,231)	(12,554)
Sales, general and administrative expense	(16,768)	(21,268)
Restructuring charges	(1,190)	(424)
Loss from operations	$ (18,547)	$ (26,311)

6. RESTRUCTURING CHARGES

In October 2015, the Company made a strategic decision to terminate its manufacturing agreements at the ADM Clinton and American Natural Processors ("ANP") Galva facilities to better align the Company's immediate production assets with its operating strategy while minimizing production costs. In connection with this exit activity, the Company made a cash payment of $1.4 million in the three months ended March 31, 2016 and will pay a further $1.7 million in cash and stock in 2016. As part of the Company's continuing strategy to focus its operations on targeted, higher-value product categories, the Company streamlined operations by reducing workforce by approximately 20% in January 2016, and incurred employee termination costs of $1.3 million .

Restructuring activities for the three months ended March 31, 2016 were as follows (in thousands):

	Liability as of December 31, 2015	2016 Expense	Deductions/Payments	Liability as of March 31, 2016
Facility closure costs	$ —	$ 23	$ (23)	$ —
Other exit costs	3,400	(115)	(1,582)	1,703
Employee termination costs	—	1,282	(756)	526
Total	$ 3,400	$ 1,190	$ (2,361)	$ 2,229

7. MARKETABLE SECURITIES

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

	March 31, 2016			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Corporate bonds	$ 19,319	$ 7	$ (25)	$ 19,301
Asset-backed securities	8,994	—	(17)	8,977
Government and agency securities	5,686	44	—	5,730
Mortgage-backed securities	3,848	11	(19)	3,840
Municipal bonds	2,167	5	—	2,172
Total	$ 40,014	$ 67	$ (61)	$ 40,020

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Corporate bonds	$ 25,608	$ 122	$ (73)	$ 25,657
Asset-backed securities	12,424	—	(31)	12,393
Mortgage-backed securities	4,800	2	(23)	4,779
Government and agency securities	5,705	16	(9)	5,712
Municipal bonds	2,470	—	(2)	2,468
Total	$ 51,007	$ 140	$ (138)	$ 51,009

The following table summarizes the amortized cost and fair value of the Company's marketable securities, classified by maturity as of March 31, 2016 and December 31, 2015 (in thousands):

	March 31, 2016		December 31, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Marketable securities				
Due in 1 year or less	$ 20,177	$ 20,216	$ 17,783	$ 17,870
Due in 1-2 years	8,471	8,457	15,900	15,858
Due in 2-3 years	6,077	6,073	7,959	7,934
Due in 3-4 years	1,066	1,063	2,399	2,408
Due in 4-9 years	1,679	1,679	2,844	2,843
Due in 9-20 years	743	748	1,397	1,394
Due in 20-35 years	1,801	1,784	2,725	2,702
	$ 40,014	$ 40,020	$ 51,007	$ 51,009

Marketable securities classified as available-for-sale are carried at fair value as of March 31, 2016 and December 31, 2015 . 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 $24.0 million as of March 31, 2016 . Gross unrealized losses on available-for-sale securities were $61,000 as of March 31, 2016 , 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 Company had zero available-for-sale securities which had been in a continuous loss position for more than 12 months as of March 31, 2016 . In addition, the Company intends to hold these securities. Hence it is not more likely than not that the Company will be required to sell these securities before the recovery of their amortized cost basis.

8. 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 March 31, 2016 and December 31, 2015 by level within the fair value hierarchy (in thousands):

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash equivalents	$ 15	$ 6,608	$ —	$ 6,623
Marketable securities	3,731	36,289	—	40,020
Total	$ 3,746	$ 42,897	$ —	$ 46,643
Financial Liabilities				
Derivative liabilities	$ —	$ —	$ —	$ —

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash equivalents	$ 3	$ 18,900	$ —	$ 18,903
Marketable securities	3,722	47,287	—	51,009
Total	$ 3,725	$ 66,187	$ —	$ 69,912
Financial Liabilities				
Derivative liabilities	$ —	$ —	$ 82	$ 82

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 months ended March 31, 2016 and 2015 , 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 Liabilities – The 2018 Notes and the 2019 Notes contain early conversion payment features pursuant to which a holder may convert its Notes into shares of the Company's common stock. With respect to any conversion of 2018 Notes prior to November 1, 2016 or any conversion of 2019 Notes prior to January 1, 2018, 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 in shares of the Company's common stock. These early conversion payment features have been identified as embedded derivatives and are separated from the host contracts, the Notes, and recorded at fair value each reporting period.

The Company used a Monte Carlo simulation model to estimate the fair values of the embedded derivatives related to the early conversion payment features of the Notes using a "with-and-without method".

The following tables set forth the Level 3 inputs to the Monte Carlo simulation models that were used to determine the fair values of the embedded derivatives for the Notes:

Constant Inputs	**2018 Notes**	**2019 Notes**
Conversion rate	121.1240	75.7576
Conversion price	$ 8.26	$ 13.20
Maturity date of the Notes	February 1, 2018	October 1, 2019
Maturity date of early payment feature	November 1, 2016	January 1, 2018

Variable Inputs	**March 31, 2016**	**March 31, 2016**	**December 31, 2015**	**December 31, 2015**
	2018 Notes	***2019 Notes***	***2018 Notes***	***2019 Notes***
Stock price	$ 2.03	$ 2.03	$ 2.48	$ 2.48
Estimated credit spread	5,640 basis points	4,785 basis points	4,685 basis points	3,978 basis points
Estimated stock volatility	45%	45%	55%	55%

The following table sets forth the estimated fair values of the embedded derivatives (in thousands):

	March 31, 2016	**December 31, 2015**
2018 Notes	$ —	$ 26
2019 Notes	$ —	$ 56

The total net decrease in the estimated fair value of the embedded derivative for the Notes between December 31, 2015 and March 31, 2016 represents an unrealized gain that has been recorded as a gain from change in fair value of derivative liabilities in the condensed consolidated statements of operations for the three months ended March 31, 2016 .

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 March 31, 2016 (in thousands):

Fair value at December 31, 2015	$ 82
Change in fair value of derivative liabilities of the Notes recorded as a gain	(82)
Fair value at March 31, 2016	$ —

As of March 31, 2016 and December 31, 2015, the carrying values of the Company’s accounts receivables and secured and unsecured debt obligations, excluding the Notes, approximated their fair values. The Company has estimated the fair value of the Notes to be $103.1 million and $105.9 million at March 31, 2016 and December 31, 2015, respectively. These estimates are based upon Level 2 inputs using the market price of the Notes derived from actual trades quoted from Bloomberg using a midmarket pricing convention (the midpoint price between bid and ask prices).

9. INVENTORIES

Inventories consisted of the following (in thousands):

	March 31, 2016	December 31, 2015
Raw materials	$ 1,901	$ 1,837
Work in process	6,695	6,621
Finished goods	3,885	3,560
Total inventories	$ 12,481	$ 12,018

10. PROPERTY, PLANT AND EQUIPMENT—NET

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

	March 31, 2016	December 31, 2015
Plant equipment	$ 24,897	$ 24,824
Building and improvements	5,811	5,810
Lab equipment	7,446	7,495
Leasehold improvements	1,873	1,876
Computer equipment and software	4,275	4,159
Furniture and fixtures	634	669
Land	430	430
Automobiles	194	194
Construction in progress	387	342
Total	45,947	45,799
Less: accumulated depreciation and amortization	(20,393)	(19,455)
Property, plant and equipment—net	$ 25,554	$ 26,344

Depreciation and amortization expense was $1.2 million and $1.5 million for the three months ended March 31, 2016 , and 2015, respectively.

11. INVESTMENT IN SOLAZYME BUNGE JOINT VENTURE

Background and Operations

In April 2012, the Company and Bunge formed the Solazyme Bunge JV to build, own and operate the Solazyme Bunge JV Plant, a commercial-scale renewable algae oils production facility adjacent to Bunge’s Moema sugarcane mill in Brazil, leveraging the Company's technology. The Solazyme Bunge JV is 50.1% owned by the Company and 49.9% % owned by Bunge and is governed by a six member board of directors, three from each investor.

The Solazyme Bunge JV's operational focus from inception to date was primarily on supporting the construction, ramp up and optimization of the commercial-scale production facility. While the Solazyme Bunge JV has incurred significant losses to date, the Company believes that the overall long-term expectation of profitability will drive positive cash flows sufficient for the Company to recover its investment in the Solazyme Bunge JV.

In October 2015, the Company and Bunge entered into an amended and restated joint venture agreement to expand the Solazyme Bunge JV to add a worldwide focus on human food and animal nutrition. Also in October 2015, the Company and Bunge entered into an amended and restated Development Agreement under which the Company granted to the Solazyme Bunge JV a worldwide royalty-bearing, field-limited license to all of its technology that is necessary or useful for the manufacture of certain algae oil products. Concurrently with the entry into such agreements, the Company and Solazyme Bunge JV entered into two funded research programs targeted at completing the development of additional products for the Solazyme Bunge JV; pursuant to these agreements:

Solazyme Bunge JV will:

- continue to use the Company's proprietary technology to produce a range of algae-based oils and products from cane sugar through microbe-based catalysis.
- pay the Company a royalty for certain products sold by the joint venture.
- pay the Company a technology maintenance fee in recognition of the Company's ongoing research investment in technology.

The Company will:

- provide sales, marketing and application development for certain oils and technical expertise in regard to the implementation of its technology.
- provide access to the Company's proprietary technology for the production of certain oils and structuring fats for the food and animal nutrition markets.
- retain co-primary sales rights for certain products.

Bunge will:

- continue to provide cane sugar feedstock and utilities to the Solazyme Bunge JV Plant from Bunge's adjacent sugar cane processing mill.
- provide sales, marketing and application development for certain food oils and will also provide oil processing, global distribution and logistics.
- serve as the primary sales channel for some of the joint venture's products, with the Company as an additional sales channel, in each case in exchange for a distribution fee.
- continue to provide working capital to the Solazyme Bunge JV through a revolving loan facility.

The Company contributed $2.4 million and $6.6 million in the three months ended March 31, 2016 and 2015, respectively. The Company also contributed $1.1 million and $2.9 million in the three months ended March 31, 2016 and 2015, respectively, to the Solazyme Bunge JV through a reduction in the Company’s receivables due from the Solazyme Bunge JV.

Equity Accounting

The Company accounts for its interest in the Solazyme Bunge JV under the equity method of accounting. The Company's equity investment in the Solazyme Bunge JV was $37.4 million and $35.9 million as of March 31, 2016 and December 31, 2015, respectively. During the three months ended March 31, 2016 and 2015, the Company recognized $4.9 million and $5.1 million of losses, respectively, related to its equity method investment in the Solazyme Bunge JV.

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. The optimization and ramping up of the Solazyme Bunge JV Plant is the activity of the Solazyme Bunge JV that most significantly impacts its current 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, each of the Company and Bunge has equally shared decision–making powers over certain significant activities of the Solazyme Bunge JV, including those related to the construction, optimization and ramping up of the Solazyme Bunge JV. Therefore, as of March 31, 2016 , the Company does not consider itself to be the Solazyme Bunge JV’s primary beneficiary, and as such has not consolidated the financial results of the Solazyme Bunge JV. Consolidation may be required 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.

The following table summarizes the carrying amounts of the assets and the fair value of the liabilities included in the Company’s consolidated balance sheets and the maximum loss exposure related to the Company’s interest in the Solazyme Bunge JV as of March 31, 2016 and December 31, 2015 (in thousands):

	As of March 31, 2016				
	Assets			Liabilities	
VIE	Accounts Receivable	Unbilled Revenues	Investments in Unconsolidated Joint Ventures	Loan Guarantee	Maximum Exposure to Loss [1]
Solazyme Bunge JV	$ 12	$ 563	$ 37,385	$ —	$ 48,181

	As of December 31, 2015				
	Assets			Liabilities	
VIE	Accounts Receivable	Unbilled Revenues	Investments in Unconsolidated Joint Ventures	Loan Guarantee	Maximum Exposure to Loss [2]
Solazyme Bunge JV	$ 12	$ 839	$ 35,910	$ —	$ 45,692

[1] Includes maximum exposure to loss attributable to the Company's bank guarantee required to be provided for the Solazyme Bunge JV of $9.8 million and non-cancelable purchase obligations of $0.4 million (based on the exchange rate at March 31, 2016).

[2] Includes maximum exposure to loss attributable to the Company's bank guarantee required to be provided for the Solazyme Bunge JV of $8.9 million (based on the exchange rate at December 31, 2015).

The Company may be required to contribute additional capital to the VIE which would increase the Company's maximum exposure to loss. These future contribution amounts cannot be quantified at this time.

Summarized Financial Information

Summarized information on the Solazyme Bunge JV's balance sheets and income statements as of March 31, 2016 and December 31, 2015, and for the three months ended March 31, 2016 and 2015 respectively, was as follows (in thousands):

	As of March 31, 2016	As of December 31, 2015
Current assets	$ 5,633	$ 5,654
Property, plant and equipment, net	111,016	100,755
Recoverable taxes [1]	17,678	16,144
Total assets	$ 134,327	$ 122,553
Current liabilities	$ 26,872	$ 23,009
Noncurrent liabilities	44,602	43,054
JV's partners' capital, net	62,853	56,490
Total liabilities and partners' capital, net	$ 134,327	$ 122,553

[1] Recoverable taxes are comprised of value-added taxes paid upon the acquisition of property, plant and equipment items and other goods and services, and other transactional taxes which can be recovered in cash or as compensation against income taxes or other taxes owed by Solazyme Bunge JV in Brazil. The realization of these recoverable tax payments could take in excess of five years.

	Three Months Ended March 31,	
	2016	2015
Net sales	$ 1,059	$ 257
Net losses	$ (9,354)	$ (9,768)

During the year ended December 31, 2013, the Solazyme Bunge JV entered into a loan agreement with the Brazilian Development Bank ("BNDES" or "BNDES Loan") under which it could borrow up to $68.3 million (based on the exchange rate as of March 31, 2016). Outstanding borrowings were $56.1 million and $53.4 million as of March 31, 2016 and December 31, 2015, respectively. The Company has provided a bank guarantee equal to 14.39% of the total amount available under the BNDES Loan and may be required to provide a corporate guarantee equal to 35.71% of the total amount available under the BNDES Loan (with the total amount covered by the guarantees not to exceed the Company's ownership percentage in the Solazyme Bunge JV). The BNDES funding has supported the construction of the Solazyme Bunge JV's production facility. 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 March 31, 2016, 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 months ended March 31, 2016 and 2015.

Impairment Assessment

The Company assessed the recoverability of its equity investment in Solazyme Bunge JV as of December 31, 2015 using a discounted cash flow analysis. Based upon such analysis, the Company expects to recover the carrying amount of its equity investment and concluded that its equity investment was not impaired.

The process of evaluating the potential impairment is subjective and requires significant estimates and assumptions. The Company's estimated future cash flows are based on assumptions that are consistent with its annual planning process and include estimates for revenue and operating margins and future economic and market conditions. Actual future results may differ significantly from those estimates. Changes in assumptions or circumstances could result in an impairment in the period the change occurs and in future years. Management's conclusion that its equity investment was not impaired as of December 31, 2015 was based upon the following critical estimates and assumptions:

- No significant adverse change in the regulatory or economic environment in Brazil or other countries, as applicable
- No significant difficulties as production increases from minimal capacity to full capacity over the next several years
- Sales mix of products currently commercially produced and sold to existing customers as well as certain oil products for food and animal nutrition markets under development and expected to be commercialized in 2016 and 2017
- Average selling prices based on current contracted prices and at or above market prices for comparable products
- Additional capital investment to increase plant capacity for new products and process improvements of approximately $50 million in total
- Increased fermentation and recovery efficiencies over the next 5 years based on strain and process improvements
- Reduction to production costs based on ramp up of production volume to an aggregate maximum plant capacity in line with sales volume
- Discount rate of approximately 14%

In order for the Solazyme Bunge JV to achieve sufficient cash flows to enable the Company to fully recover its equity investment, the Solazyme Bunge JV must:

- Increase production volumes by:
  - Optimizing plant throughput
  - Improving lipid and oil content output
  - Increasing final recovery yields
- Maintain access to low-cost cane sugar feedstock and power
- Commercialize and sell its high value products

The estimates used for cash flow forecasts required significant exercise of judgment and are subject to change in future reporting periods as facts and circumstances change. Additionally, the Company may make changes to its business plan that could result in changes to the expected cash flows. As a result, it is possible that an equity method investment may be impaired in future reporting periods.

Joint Development and Other Agreements

The Company has three agreements with the Solazyme Bunge JV:

- 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
- Technology Service Agreement with the Solazyme Bunge JV for technical services related to the operations of the production facility
- Commercial support services agreement

These agreements with Solazyme Bunge JV require the Solazyme Bunge JV to pay the Company for such research activities and support services. The Company accounts for these Agreements as an obligation to perform research and development services for others in accordance with FASB ASC 730-20, *Research and Development Arrangements* , and recorded the payments for the performance of these services as revenue in its consolidated statement of operations. The

Company recognized revenue on these Agreements 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 Agreements were limited by the amounts the Company was contractually obligated to receive as cash reimbursements.

In October 2015, the Company and Solazyme Bunge JV entered into an amended and restated development agreement ("JDA"), and project plans thereunder, incorporating development work from a previous JDA with Bunge associated with the development of a unique food ingredient, as well as new development work on nutrition products intended to benefit the Solazyme Bunge JV. This JDA provides that the Solazyme Bunge JV will provide research funding to the Company covering periods through December 2018, payable quarterly in advance throughout the research term.

12. ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	March 31, 2016	December 31, 2015
Accrued compensation and related liabilities	$ 4,321	$ 6,270
Accrued interest	4,401	3,495
Accrued restructuring costs	2,229	3,400
Other accrued liabilities	1,178	990
Total accrued liabilities	$ 12,129	$ 14,155

13. COLLABORATIVE RESEARCH AND DEVELOPMENT AGREEMENTS, DISTRIBUTION AGREEMENTS, AND LICENSES

Unilever —The Company has entered into multiple joint research and development agreements with Unilever , which expanded its research and development efforts. In September 2013, the Company and Unilever entered into a commercial supply agreement for at least 10,000 MT of the Company's algae oil. In May 2014, Unilever announced the initial introduction of the Company's sustainable algae oil into one of its biggest soap brands, Lux. In March 2016, the Company entered into a multi-year global supply agreement with Unilever, which includes a broad portfolio of our algae oils for Unilever to purchase. Production of these oils will take place at the Solazyme Bunge Renewable Oils facility in Brazil and pricing terms are based upon variable production cost plus a defined contribution margin. The agreement contains certain minimum and maximum sales volumes and is subject to other terms and conditions. No significant transactions had occurred under this agreement in the three months ended March 31, 2016. Shipments under this agreement are contemplated to commence in the three months ending June 30, 2016.

14. DEBT

A summary of the Company's debt as of March 31, 2016 and December 31, 2015 was as follows (in thousands):

	March 31, 2016	December 31, 2015
Convertible debt:		
2018 Notes	$ 61,632	$ 61,632
2019 Notes	149,500	149,500
Total debt	211,132	211,132
Add:		
Fair value of embedded derivative	—	82
Less:		
Unamortized debt discount	(8,129)	(8,749)
Debt issuance costs	(404)	(450)
Long-term portion of debt	$ 202,599	$ 202,015

Total interest costs incurred related to the Company's total debt was $2.8 million for both the three months ended March 31, 2016 and 2015. The Company was in compliance with all debt covenants as of March 31, 2016 and December 31, 2015.

Convertible Senior Subordinated Notes -2018 Notes —On January 24, 2013 the Company issued $125.0 million aggregate principal amount of 2018 Notes in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2018 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. The 2018 Notes are convertible into the Company's common stock and may be settled as described below. The 2018 Notes will mature on February 1, 2018, unless earlier repurchased or converted. The Company may not redeem the 2018 Notes prior to maturity.

The 2018 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 2018 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 2018 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.

Convertible Senior Subordinated Notes - 2019 Notes —On April 1, 2014, the Company issued $149.5 million aggregate principal amount of 5.00% Convertible Senior Subordinated 2019 Notes in a public offering. The 2019 Notes bear interest at a fixed rate of 5.00% per year, payable semiannually in arrears on April 1 and October 1 of each year. The 2019 Notes are convertible into the Company's common stock and may be settled early as described below. The 2019 Notes will mature on October 1, 2019, unless earlier repurchased or converted. The Company may not redeem the 2019 Notes prior to maturity.

The 2019 Notes are convertible at the option of the holders on any day prior to and including the scheduled trading day prior to October 1, 2019. The 2019 Notes will initially be convertible at a conversion rate of 75.7576 shares of Common Stock per $1,000 principal amount of 2019 Notes (equivalent to an initial conversion price of $13.20 per share of Common Stock), subject to adjustment upon the occurrence of certain events. With respect to any conversion prior to January 1, 2018 (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 2019 Notes surrendered for conversion that may be settled, at the Company's election, in cash or shares of the Company's common stock.

HSBC Facility —The Company has a loan and security agreement with HSBC Bank, USA, National Association ("HSBC") that provides for a $35.0 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. A portion of the HSBC facility also supports the bank guarantee issued to BNDES in May 2013 (see Note 8). Therefore, approximately $25.2 million of the HSBC facility remained available as of March 31, 2016. The HSBC Facility expires on May 31, 2016, and the Company expects to replace the HSBC Facility to support the BNDES bank guarantee on substantially similar terms.

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 110% 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 HSBC 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 pays HSBC a 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. 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.

SVB Standby Letter of Credit —On April 29, 2016, Silicon Valley Bank issued a standby letter of credit ("SVB SLOC") in favor of Itaú Unibanco S.A. ("Itaú") to support a bank guarantee issued by Itaú on behalf of the Company to BNDES in connection with the loan agreement entered into in 2013 between BNDES and Solazyme Bunge Produtos Renováveis Ltda., the Company's joint venture with Bunge Global Innovation, LLC and certain of its affiliates. Upon the issuance of the SVB SLOC, approximately $12.6 million was pledged by the Company as collateral (the "Collateral") to secure the issued SVB SLOC and is subject to a Standby Letter of Credit Agreement (the "SLOC Agreement") and a Bank Services Pledge Agreement (the "Pledge Agreement") between Silicon Valley Bank and the Company. Pursuant to the Pledge Agreement, the Company may not pledge, assign, transfer or dispose of the Collateral, or create or permit to exist any security interest or other encumbrance of the Collateral other than in favor of Silicon Valley Bank. In addition, the SVB SLOC is being supported by a bank confirmation issued by the Bank of Nova Scotia (the "Scotia Bank Confirmation") in favor of Itaú on behalf of Silicon Valley Bank. The Company will pay fees of 1.5% and 0.7% of the Collateral per annum related to the SVB SLOC and the Scotia Bank Confirmation, respectively. Solazyme Brasil Oleos Renovaveis E Bioprdutos Ltda., a wholly owned subsidiary of the Company, will pay a fee of 1.99% of the Collateral per annum to Itaú for the issuance of the bank guarantee to BNDES. The Company is subject to customary events of default under each of the Pledge Agreement and the SLOC Agreement.

The letter of credit issued by Silicon Valley Bank is intended to replace a letter of credit issued by HSBC Bank, USA, National Association (the "HSBC LOC") in 2013. The Company expects the HSBC LOC to be terminated in the three months ending June 30, 2016. The Company expects to enter a loan and security agreement with Silicon Valley Bank in the second quarter of 2016 to replace the Pledge Agreement.

Debt Conversion —In April 2016, the Company exchanged 2018 and 2019 notes totaling approximately $5.6 million by issuing 1,645,753 shares of Common Stock. The Company expects to record a non-cash non-operating charge of approximately $1.6 million related to the exchange agreement in the three months ending June 30, 2016, representing the fair value of the securities transferred in excess of the securities issuable upon the original conversion terms of the 2018 and 2019 notes.

15. COMMITMENTS AND CONTINGENCIES

Legal 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.

Securities Class Action Litigation

In June 2015, a securities class action complaint entitled Norfolk County Retirement System v. Solazyme, Inc. et al. was filed against the Company, its CEO, Jonathan Wolfson, its CFO/COO, Tyler Painter, certain of its current and former directors, and the underwriters of its March 2014 equity and debt offerings, Goldman, Sachs & Co., Inc. and Morgan Stanley & Co. LLC, in the U.S. District Court for the Northern District of California. The complaint asserts claims for alleged violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1934, as well as Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The complaint seeks unspecified damages on behalf of a purported class that would comprise all individuals who acquired the Company's securities (i) between February 27, 2014 and November 5, 2014 and (ii) pursuant and/or traceable to the Company's public equity and debt offerings in March 2014. The complaint alleges that investors were misled by statements made during that period about the construction progress, development, and production capacity associated with the production facility located in Brazil owned by the Company's joint venture, Solazyme Bunge Produtos Renovaveis Ltda. In October 2015, the lead plaintiff was selected in the action and an amended complaint was filed in December 2015. The Company filed a Motion to Dismiss the action in February 2016 that it expects to be heard in May 2016. The Company believes the complaint lacks merit, and intends to defend itself vigorously.

Derivative Litigation

In July 2015, a complaint entitled Jim Bertonis, derivatively on behalf of Solazyme, Inc. v. Jonathan Wolfson et al. was filed in the Superior Court of California, County of San Mateo. The complaint seeks unspecified damages, purportedly on behalf of the Company from certain of its current and former directors and officers and alleges these defendants breached their fiduciary duties to the Company and unjustly enriched themselves by making allegedly false and misleading statements and omitting certain material facts in the Company's securities filings and other public disclosures. This purported stockholder derivative action is based on substantially the same facts as the securities class action described above. Based on a review of the plaintiffs' allegations, the Company believes that the plaintiff has not demonstrated standing to sue on its behalf.

In August 2015, a complaint entitled Gregory M. Miller, derivatively on behalf of Solazyme, Inc. v. Jonathan S. Wolfson et al. was filed in the U.S. District Court for the Northern District of California. The complaint seeks unspecified damages, purportedly on behalf of the Company from certain of its current and former directors and officers and alleges these defendants breached their fiduciary duties to the Company and aided and abetted the Company in making allegedly false and misleading statements and omitting certain material facts in the Company's securities filings and other public disclosures. This purported stockholder derivative action is based on substantially the same facts as the securities class action and derivative action described above. Based on a review of the plaintiffs' allegations, the Company believes that the plaintiff has not demonstrated standing to sue on its behalf.

Roquette Frères, S.A.

In September 2013, an arbitration (the "Roquette Arbitration") was initiated with Roquette Frères, S.A. ("Roquette") in connection with the dissolution of a joint venture between the Company and Roquette known as Solazyme Roquette Nutritionals L.L.C. ("SRN"). The Company sought a declaration that, in accordance with the terms of the joint venture agreement between the parties, the Company should be assigned all improvements made by or on behalf of SRN to the Company's intellectual property. On February 19, 2015 the arbitration panel released its decision, ordering, inter alia, the assignment to the Company of (i) all SRN patent applications, (ii) all SRN know-how related to high lipid algae flour and high protein algae powder and (iii) all Roquette patent applications filed since November 2010 relating to algae food and food ingredients, as well as methods for making and using them. In addition, the arbitration panel ordered Roquette to pay to the Company, $2.3 million in legal costs and fees. The arbitration award was confirmed by order of the U.S. District Court for the District of Delaware on December 21, 2015. Roquette has appealed the confirmation of the arbitration award to the U.S. Court of Appeals for the Third Circuit. Pending this appeal, the confirmation of the arbitration award has been stayed by order of the U.S. District Court for the District of Delaware by order dated January 12, 2016, in which the Court granted not only a stay but also enjoined Roquette from pursuing any further commercialization of any technology arguably within the ambit of the arbitral decision, including the sale of products. The Company expects the appeal of the confirmation of the arbitration award to be heard later in 2016.

In November 2014, Roquette filed an action against the Company in U.S. District Court for the District of Delaware for declaratory judgment related to the Roquette Arbitration. Roquette seeks a declaration that (i) the arbitrators in the Roquette Arbitration exceeded their authority by failing to render a timely arbitration award, (ii) any award issued by the arbitrators is void and (iii) all intangible assets of SRN should be assigned jointly to Roquette and the Company. Other than seeking its attorney fees and costs in the action, Roquette did not make any monetary claims against the Company. The Company filed an Answer to the Complaint in January 2015, denying substantially all of Roquette's claims and all of its prayers for relief.

In February 2015 Roquette filed a second action against the Company in U.S. District Court for the District of Delaware for declaratory judgment related to the Roquette Arbitration. Roquette sought a declaration that (A) the order of the arbitrators in the Roquette Arbitration for more discovery and new hearings was unenforceable and (B) in the alternative, the proposed new discovery and hearings concerned an issue that was outside the scope of the arbitration. Other than seeking its attorney fees and costs in the action, Roquette did not make any monetary claims against the Company. The two Delaware actions were consolidated in February 2015. The Company filed its Answer to the second Complaint in February 2015, denying all claims made in the Complaint and all related prayers for relief. In addition, the Company cross-claimed for (x) confirmation of the arbitration award, (y) an order compelling Roquette to comply with the arbitration award and (z) damages for misappropriation of the Company's trade secrets, misuse of the Company's confidential information and breach of contract. In April 2015 Roquette filed motions for summary judgment in each of the two declaratory judgment actions commenced by Roquette and a motion to vacate the award rendered in the Roquette Arbitration, which included counterclaims alleging the Company misused certain Roquette trade secrets. The summary judgment motions made by Roquette were denied in an opinion of the court dated December 21, 2015. All further proceedings under the declaratory actions have been stayed pending the Third Circuit appeal described above.

The Company may be involved, from time to time, in additional 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. 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 individually and in the aggregate 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.

16. STOCK-BASED COMPENSATION

The following table summarizes the components and classification of stock-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 months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended March 31,	
	2016	2015
Stock options	$ 2,034	$ 2,248
RSUs/RSAs	1,005	1,777
ESPP	(303)	45
Stock-based compensation expense	$ 2,736	$ 4,070
Research and development	$ 544	$ 1,112
Sales, general and administrative	2,192	2,958
Stock-based compensation expense	$ 2,736	$ 4,070

17. CONVERTIBLE PREFERRED STOCK

In March 2016, the Company issued 27,850 shares of Convertible Preferred Stock for cash proceeds of $27.3 million , net of issuance costs of $0.8 million ($0.2 million of which was unpaid at March 31, 2016). Starting in July 2016, shares of the Series A Preferred Stock are convertible at the option of the holders into shares of Common Stock, at an initial conversion price of $2.00 per share, subject to customary adjustments in the event of stock splits and certain other changes to the Company's capitalization. The Company has classified the convertible preferred stock as temporary equity in the condensed consolidated balance sheet due to the existence of certain change in control provisions that are not solely within the Company's control.

The convertible preferred stock contains the following terms and conditions:

- *Dividends* . The holders are entitled to participate equally and ratably with the Common Stock in all dividends and distributions on an as-converted basis, subject to certain customary exceptions. The Preferred Stock will also rank senior to the Common Stock.
- *Liquidation Preference* . In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or certain change of control transactions, each holder will be entitled to receive a liquidation preference before any distribution or payment is made to holders of the Common Stock or any other security that ranks junior to the Preferred Stock.
- *Voting Rights.* Holders will be entitled to vote together as a single class with the holders of the Common Stock on all matters submitted for a vote by holders of the Common Stock, with each such holder of Preferred Stock being entitled to cast a number of votes equal to the number of whole shares of Common Stock issuable upon conversion of such Preferred Stock.
- *Board Representation* . For so long the outstanding shares of Preferred Stock represent at least 5.0% of the Company's outstanding voting power on an as-converted basis, the holders will have the right to designate a nominee for election to the Company's Board of Directors, subject to certain exceptions.
- *Protective Provisions* . For so long as at least 1,392 shares of Preferred Stock remain outstanding, the Company may not, without the approval of the holders of at least two-thirds of the then outstanding shares of Preferred Stock: (i) amend any provision of the Certificate of Designations or the Company's Amended and Restated Certificate of Incorporation or bylaws so as to adversely affect the rights, preferences or privileges of the Preferred Stock; or (ii) declare or pay any divided on the Common Stock, subject to certain customary exceptions. In addition, for so

long as at least 11,140 shares of Preferred Stock remain outstanding, the Company may not, without the approval of the holders of at least two-thirds of the then outstanding shares of Preferred Stock, create, authorize or issue any equity securities senior to the Preferred Stock.

- *Mandatory Conversion* . The Company can require the conversion of the outstanding shares of Preferred Stock if either the trading price of the Common Stock is greater than three times the conversion price before the third anniversary of the Initial Closing or is greater than four times the conversion price thereafter, subject to certain customary conditions.

- *Transfer Restrictions* . No holder of any shares of Preferred Stock may transfer such shares except to an affiliate of such holder or the Company. If the transfer is to an affiliate, such affiliate must become a party to the Registration Rights Agreements. In addition, if such affiliate would beneficially own five percent or more of the Company's aggregate voting power after giving effect to the transfer, they must enter into a customary standstill agreement.

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 unaudited interim 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 and 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 are a food, nutrition and specialty ingredients company that harnesses the power of algae, the origin of all plants. Our innovative platform uses microalgae to produce high-value triglyceride oils, proteins, fibers, micronutrients and other ingredients. The inherent flexibility of our technology platform and the broad usage of these materials across multiple industries, allow us to approach a wide range of customers across myriad end markets. Moving forward, Solazyme will be known as TerraVia ™ .

The unique composition of our oils, powders and other algae-derived products address specific customer requirements. We are commercializing high-value oils and powder products to companies that primarily use them as ingredients. We have developed and are commercializing products for specialty food ingredients, animal nutrition ingredients, consumer food products and specialty skin and personal care ingredients. Over our history, we have invested in and developed products, technology and market opportunities in the industrials area, which includes fuels, industrial oils, and the oilfield/Encapso ™ business. In line with our strategy to focus our commercial efforts on food and specialty personal care ingredients, we expect to pursue strategic alternatives for the industrial business and our objective will be to identify partners who have the operational capabilities needed to realize the potential of those businesses.

Our food oils are formulated to offer a variety of functional benefits such as enhanced structuring capabilities and stability while providing robust formulation and process flexibility. These food oils have the potential to improve upon conventionally utilized specialty fats and oils and our high oleic algae oil has received an FDA generally recognized as safe (GRAS) "No Questions" letter. Currently, these oils are commercially available in our AlgaWise™ branded food oil platform and in our consumer culinary oil Thrive® brand. In addition, we have developed novel methods of preparing powdered forms of triglyceride oils and vegan proteins, and our powdered ingredients are composed of unmodified whole algae cells. AlgaVia ® Lipid Powder (commonly known as whole algae flour) and AlgaVia ® Protein (commonly known as whole algae protein) are whole algae ingredients that can improve the nutritional profile of foods and beverages. AlgaVia ® Lipid Powder is a new fat source that allows for the reduction or replacement of dairy fats, oils, and eggs. AlgaVia ® Protein is a new vegan source of protein that is free of known allergens and gluten. Both AlgaVia ® Lipid Powder and Protein can be used across a range of applications such as beverages (ready-to-drink and powdered), bakery, snacks, bars, dressings, sauces and frozen desserts and have received FDA GRAS "No Questions" letters.

Our process is compatible with commercial-scale, widely-available fermentation and oil recovery equipment. We operate our lab and pilot fermentation and recovery equipment as scaled-down versions of our large commercial engineering designs, such as those used to perform development work under certain agreements with strategic partners and to fulfill commercial supply agreements. We have scaled up our technology platform and have successfully operated at lab (5-15 liter), pilot (600-1,000 liter), demonstration/small commercial (120,000 liter) and large commercial (approximately 500,000 liter and above) fermenter scale. The fermentation equipment used to achieve commercial scale at the Clinton Facility is comparable to the fermentation equipment at the Solazyme Bunge JV Plant in Brazil.

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 2015 Annual Report on Form 10-K includes a description of certain critical accounting policies, including those with respect to revenue recognition, inventories, stock-based compensation and income taxes. There have been no material changes to the Company's critical accounting policies described in the Company's 2015 Annual Report on Form 10-K.

Results of Operations

Comparison of Three Months Ended March 31, 2016 and 2015

Revenues

	Three Months Ended March 31,		
	2016	2015	$ Change
	(In thousands)		
Revenues:			
Product revenues	$ 7,272	$ 8,821	$ (1,549)
Research and development programs	3,587	3,784	(197)
Total revenues	$ 10,859	$ 12,605	$ (1,746)

We have two reportable segments for financial statement reporting purposes: 1) Algenist®, and 2) Ingredients and Other. The Ingredients and Other segment includes sales of our food, nutrition and specialty ingredients; and also includes sales of our Industrial oils, Encapso ™ product, and fuel blend sales related to our fuels marketing and commercial development programs. Our discussions below surrounding changes in product revenue and gross margin are based on these two reportable segments.

Product Revenues and Cost of Product Revenues

Products revenues and cost of product revenues by segment for the three months ended March 31, 2016 and 2015 were as follows:

	Three Months Ended March 31,		
	2016	2015	Change
	(In thousands)		
Algenist ®			
Product revenues	$ 5,971	$ 6,211	$ (240)
Cost of product revenues	1,923	2,320	(397)
Gross profit	$ 4,048	$ 3,891	$ 157
Gross margin	68%	63%	5 %
Ingredients and Other			
Product revenues	$ 1,301	$ 2,610	$ (1,309)
Cost of product revenues	1,294	2,350	(1,056)
Gross profit (loss)	$ 7	$ 260	$ (253)
Gross margin	1%	10%	(9)%

Algenist ®

Algenist ® product revenues decreased $0.2 million in the three months ended March 31, 2016 compared to the same period last year primarily as a result of lower units sold to customers in the QVC network and EMEA partially offset by increased sales to customers in the U.S. and new customers in Canada and Germany. Algenist ® gross margin increased to 68% in the three months ended March 31, 2016 from 63% in the three months ended March 31, 2015 primarily as a result of inventory adjustments recorded in the three months ended March 31, 2015.

Ingredients and Other

Ingredients and Other product revenues decreased $1.3 million in the three months ended March 31, 2016 compared to the same period last year due to decreased product sales related to our fuels marketing and commercial development program, Encapso ™ and industrial oil products, consistent with our strategy to focus on high value product sales.

During scale-up of the manufacturing process at the ADM Clinton and ANP Galva Facilities in 2015, certain production costs were charged to research and development and selling, general and administrative expenses. Gross margins for our Ingredients and Other products would have been lower in 2015 if such production costs had not been charged to operating expenses.

The gross margin for Ingredients and Other product sales gross margin was 1% in the three months ended March 31, 2016 compared to a 10% gross margin in the same period last year, primarily due to changes in product mix.

We plan to focus our production at the Solazyme Bunge JV facility and at our Peoria facility in the immediate future and believe this strategic decision will better align our immediate production assets with our operating strategy while minimizing production costs. We expect costs of production will be higher for ingredient products as compared to Algenist ® cost of production.

Research and Development Programs Revenue

We are currently engaged in development activities with multiple strategic partners and the Solazyme Bunge JV, and although we expect funded program revenue to remain an important indication of strategic commitment from partners and a source of future customers, we expect funded program revenue to become a less meaningful part of our overall revenue as our focus shifts to commercialization and product revenues. Our revenues from development agreements with the Solazyme Bunge JV and strategic partners fluctuate due to timing and terms of the development work performed and achievement of contract milestones defined in these agreements. Revenues from research and development were relatively constant in the three months ended March 31, 2016 compared to the same period last year.

Operating Expenses

	Three Months Ended March 31,		
	2016	2015	$ Change
	(In thousands)		
Operating expenses:			
Research and development	$ 8,231	$ 12,554	$ (4,323)
Sales, general and administrative	16,768	21,268	(4,500)
Restructuring charges	1,190	424	766
Total operating expenses	$ 26,189	$ 34,246	$ (8,057)

Research and Development Expenses

Research and development expenses decreased $4.3 million in the three months ended March 31, 2016 compared to the same period last year, due primarily to decreases in personnel-related costs of $1.9 million, product development and process development costs of $1.4 million, third party contract manufacturing and facilities costs of $0.5 million and application development and regulatory testing costs of $0.3 million. Personnel-related costs include non-cash stock-based compensation expense of $0.5 million in the three months ended March 31, 2016 compared to $1.1 million in the same period last year.

We expect overall research and development costs to decrease in 2016, compared to 2015, in particular personnel-related costs, as a result of the reduction in workforce and other cost-cutting measures we implemented starting in December 2014 and January 2016. We plan to continue to make investments in research and development for the foreseeable future, but at a lower

rate, as we continue to (1) identify, isolate and further optimize strains of microalgae to achieve high cell densities, high yield converting sugar to product and high productivity rates compared to other alternatives; (2) customize oil outputs to meet specific market needs; and (3) engage in product and process development projects aimed at reducing the cost of oil production.

Sales, General and Administrative Expenses

Sales, general and administrative expenses decreased $4.5 million in the three months ended March 31, 2016 compared to the same period last year primarily due to decreased fixed third-party facilities costs associated with the Clinton/Galva facilities of $3.6 million and decreased personnel-related costs of $1.6 million, partially offset by increased consulting, and outside service costs of $0.9 million. Personnel-related costs include non-cash stock-based compensation expense of $2.2 million in the three months ended March 31, 2016 compared to $3.0 million in the same period last year.

We plan to continue to invest in commercialization of our high value products within the food, nutrition and specialty ingredients markets, which may increase our overall selling, general and administrative expense, but expect personnel-related expenses to decrease as a result of a reduction in workforce and other cost-cutting measures we implemented starting in December 2014 and January 2016.

Restructuring Charges

In January 2016, we took additional steps to decrease operating expenses (2016 Restructuring Plan), and incurred restructuring charges of $1.2 million in the three months ended March 31, 2016 compared to $0.4 million in the same period last year , both primarily related to certain one-time employee termination costs.

Loss from Equity Method Investment

Loss from equity method investments decreased to $4.9 million in the three months ended March 31, 2016 compared to $5.1 million in the same period last year. We expect the loss from our equity method investment to decrease as the Solazyme Bunge JV continues optimization of the Solazyme Bunge JV Plant and once commercial-scale production is achieved.

Liquidity and Capital Resources

Total cash and cash equivalents and marketable securities available-for-sale were:

	March 31, 2016	December 31, 2015
	(In thousands)	
Cash and cash equivalents	$ 63,820	$ 46,966
Marketable securities, available for sale	40,020	51,009
Total cash and cash equivalents and marketable securities	$ 103,840	$ 97,975

Cash, cash equivalents and marketable securities increased by $5.9 million in the three months ended March 31, 2016 , primarily due to net proceeds from issuance of convertible preferred stock of approximately $27.3 million , partially offset by cash used in operating activities of $19.1 million and $2.4 million of capital contributed to the Solazyme Bunge JV.

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

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Net cash used in operating activities	$ (19,089)	$ (26,769)
Net cash provided by investing activities	8,317	22,322
Net cash provided by financing activities	27,556	377

Liquidity

We are an emerging growth company with a limited operating history. We only recently began commercializing our products. To date, a substantial portion of revenues has consisted of funding from third party collaborative research agreements and government grants. We have generated limited revenues from commercial sales, principally derived from sales of skin and personal care products. A significant portion of future revenues are expected to come from commercial sales in the food and nutrition ingredients and specialty skin and personal care product markets.

Net losses may continue as we ramp up manufacturing capacity and build out our product pipeline. We expect to incur additional costs and expenses related to the continued development and expansion of our business, including research and development, the operation of our Peoria Facility and the ramp up and operation of the Solazyme Bunge JV Plant in Brazil.

We, along with our development and commercialization partners, need to develop products successfully, cost effectively produce them in large quantities and market and sell such products profitably. Our failure to generate sufficient revenues, achieve planned gross margins, control operating costs or raise sufficient additional funds may require us to modify, delay or abandon our planned operations, which could have a material adverse effect on the business, operating results, financial condition and ability to achieve intended business objectives. We may be required to seek additional funds through collaborations, public or private debt or equity financings or government programs, and may also seek to reduce expenses related to the our operations. In March 2016, we issued 27,850 shares of convertible preferred stock as described below. There can be no assurance that any financing will be available or on acceptable terms.

We believe that our current cash, cash equivalents, marketable securities and revenue from product sales 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.

Cash Flows from Operating Activities

Cash used in operating activities was $19.1 million in the three months ended March 31, 2016, primarily due to a loss of $26.5 million offset by non-cash charges. Non-cash charges included loss from equity method investments, stock-based compensation, depreciation and amortization, net amortization of premiums on marketable securities and debt discount and loan fee amortization.

Cash used in operating activities was $26.8 million in the three months ended March 31, 2015 primarily due to a loss of $34.7 million, aggregate non-cash charges of $12.0 million and a net change of $4.1 million in our net operating assets and liabilities.

Cash Flows from Investing Activities

Cash provided by investing activities was $8.3 million for the three months ended March 31, 2016, primarily due to $11.0 million net proceeds from marketable securities, partially offset by $2.4 million of capital contributed to the Solazyme Bunge JV.

In the three months ended March 31, 2015, cash provided by investing activities was $22.3 million, primarily due to $29.0 million of net marketable securities maturities, partially offset by $6.6 million of capital contributed to the Solazyme Bunge JV.

Cash Flows from Financing Activities

Cash provided by financing activities was $27.6 million in the three months ended March 31, 2016, primarily due to proceeds received from the convertible preferred stock issuance in March 2016.

In the three months ended March 31, 2015, cash provided by financing activities was $0.4 million, primarily due to proceeds received from common stock issuances pursuant to our equity plans.

HSBC Facility

The Company has a credit facility with HSBC (the HSBC facility), which provides for a $35.0 million revolving facility for working capital, letters of credit denominated in U.S. dollars or a foreign currency and other general corporate purposes. Approximately $25.2 million of the HSBC facility remained available as of March 31, 2016, and we were in compliance with the financial covenants of the HSBC 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), (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 110% 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. A portion of the HSBC facility supports the bank guarantee issued to BNDES in May 2013. The HSBC Facility expires on May 31, 2016, and the Company expects to replace the HSBC Facility to support the BNDES bank guarantee on substantially similar terms.

BNDES Loan

In April 2012, we entered into the Solazyme Bunge JV, which is jointly capitalized by us and Bunge and which operates an oil production facility in Brazil. Through March 31, 2016 we contributed $101.4 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 could borrow up to R$245.7 million (approximately USD $68.3 million based on the exchange rate as of March 31, 2016). As of March 31, 2016 , approximately $56.1 million was outstanding under the BNDES loan based on the exchange rate as of March 31, 2016 . In addition to the bank guarantee described above, we may 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). We expect to evaluate the optimal amount of Solazyme Bunge JV-related 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.

SVB Letter of Credit

On April 29, 2016, Silicon Valley Bank issued a standby letter of credit ("SVB SLOC") in favor of Itaú Unibanco S.A. ("Itaú") to support a bank guarantee issued by Itaú on behalf of us to BNDES in connection with the loan agreement entered into in 2013 between BNDES and Solazyme Bunge Produtos Renováveis Ltda., the Company's joint venture with Bunge Global Innovation, LLC and certain of its affiliates. Upon the issuance of the SVB SLOC, we pledged approximately $12.6 million as collateral (the "Collateral") to secure the issued SVB SLOC and is subject to a Standby Letter of Credit Agreement (the "SLOC Agreement") and a Bank Services Pledge Agreement (the "Pledge Agreement") between Silicon Valley Bank and us. Pursuant to the Pledge Agreement, we may not pledge, assign, transfer or dispose of the Collateral, or create or permit to exist any security interest or other encumbrance of the Collateral other than in favor of Silicon Valley Bank. In addition, the SVB SLOC is being supported by a bank confirmation issued by the Bank of Nova Scotia (the "Scotia Bank Confirmation") in favor of Itaú on behalf of Silicon Valley Bank. We will pay fees of 1.5% and 0.7% of the Collateral per annum related to the SVB SLOC and the Scotia Bank Confirmation, respectively. Solazyme Brasil Oleos Renovaveis E Bioprdutos Ltda., our wholly owned subsidiary, will pay a fee of 1.99% of the Collateral per annum to Itaú for the issuance of the bank guarantee to BNDES. We are subject to customary events of default under each of the Pledge Agreement and the SLOC Agreement.

The letter of credit issued by Silicon Valley Bank is intended to replace a letter of credit issued by HSBC Bank, USA, National Association (the "HSBC LOC") in 2013. We expect the HSBC LOC to be terminated in the three months ending June 30, 2016. We expect to enter a loan and security agreement with Silicon Valley Bank in the second quarter of 2016 to replace the Pledge Agreement.

Contractual Obligations and Commitments

There have been no significant changes to the Company's contractual obligations and commitments since the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

For information on variable interest entities and guarantees, refer to Note 11 in the accompanying notes to our unaudited interim condensed consolidated financial statements.

Recent Accounting Pronouncements

Refer to Note 2 in the accompanying notes to our unaudited interim 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 March 31, 2016 . 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 March 31, 2016 , our investment portfolio consisted primarily of corporate debt obligations, U.S. 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 March 31, 2016 . Due to the short-term nature of these instruments, we do not believe that there would be a significant negative impact to our condensed consolidated financial position or results of operations as a result of interest rate fluctuations in the financial markets. Our outstanding debt as of March 31, 2016 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 sell our Algenist ® products in Europe 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 U.S. dollar. In addition, the local currency is the functional currency of our Brazil subsidiary and the Solazyme Bunge JV (an unconsolidated joint venture). The assets and liabilities of the Brazil subsidiary 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 condensed consolidated statements of comprehensive loss. The assets and liabilities of the Solazyme Bunge JV are also translated to U.S. dollars similar to our Brazil subsidiary, and we adjust our investment in the Solazyme Bunge JV and cumulative translation adjustment in equity for our ownership portion of the cumulative translation gain or loss recognized on the Solazyme Bunge JV's financial statements. 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 U.S. dollar declines in value as compared to the foreign currencies in which we incur expenses, our foreign-currency based expenses increase when translated into U.S. dollars. A hypothetical 10% adverse change in foreign currency exchange rate would have had a $0.3 million impact on our net loss for the three months ended March 31, 2016. 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 U.S. dollars, future fluctuations in the value of the U.S. 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, and fuel in connection with our blended fuels marketing and commercial development programs. A hypothetical 10% change in the cost of plant sugar feedstock would have had approximately a $0.1 million impact on our share of loss from equity method investment in the Solazyme Bunge JV for the three months ended March 31, 2016. We have not historically hedged the price volatility of plant sugar feedstock. Also, fluctuations in the prices of petroleum or certain plant oils may also impact our business to the extent our products compete with petroleum or plant-oil-derived products. In the future, we may manage our exposure to these risks by hedging the price volatility of such products, principally through futures contracts, and entering into joint venture agreements that would enable us to obtain secure access to feedstock. See also “Risk Factors-Risks Related to Our Business and Industry," - A decline in the price of petroleum and petroleum-based products, plant oils or other commodities may reduce demand for our products and may otherwise adversely affect our business.”

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 March 31, 2016 . 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 March 31, 2016 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 March 31, 2016 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.

We may be involved, from time to time, in legal proceedings and claims arising in the course of our business. Such matters are subject to many uncertainties and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows. The information relating to "Legal Matters" set forth under Note 15 - Commitments and Contingencies of the notes to the unaudited interim condensed consolidated financial statements of this Quarterly Report on Form 10-Q is incorporated into this item by reference.

Item 1A. Risk Factors.

You should carefully consider the risks and uncertainties described below before investing in our publicly-traded securities. Additional risks and uncertainties 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 and uncertainties, you should also refer to the other information contained in this Report, including our consolidated financial statements and related notes. The risks and uncertainties 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 emerging growth 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 generated only limited revenues from commercial sales, which have been principally derived from sales of our skin and personal care products. We expect a significant portion of our future revenues to come from commercial sales in food, nutrition, skin care and specialty personal care ingredients.

We have incurred substantial net losses since our inception, including a net loss of $26.5 million during the three months ended March 31, 2016 . We expect these losses may continue as we ramp up our manufacturing capacity and build out our product pipeline. As of March 31, 2016 , we had an accumulated deficit of $636.4 million . We expect to incur additional costs and expenses related to the continued development and expansion of our business, including research and development, the operation of our Peoria Facility, the ramp up and operation of the Solazyme Bunge JV production facility (described below) and other commercial facilities. As a result, our annual and quarterly operating losses may continue.

We, along with our development and commercialization partners, will need to develop products successfully, cost effectively produce them in large quantities, and market and sell them profitably. 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, ramping up 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;
- our ability to secure consistent and reliable supplies of power and steam for production facilities;

- technical or operational challenges with our manufacturing processes or with development of new products that we are not able to overcome;
- our ability to consistently manufacture our products within specifications;
- 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 sell our products at an acceptable price;
- our ability to manage our growth;
- our ability to meet applicable regulatory requirements 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 potential diversion of resources from food production.

The production of our microalgae-based products 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 microalgae-based products 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 do not have any long-term supply agreements or other guaranteed access to feedstock other than for the supply of feedstock to Solazyme Bunge Produtos Renováveis Ltda. ("Solazyme Bunge Renewable Oils" or the "Solazyme Bunge JV") 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. As we scale our production, we anticipate that the production of our microalgae-based products 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, sugarcane-based sucrose for the Solazyme Bunge JV facility in Moema, Brazil is being provided by Bunge. Sugar and corn are traded as commodities and are subject to price volatility. While we may 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 arrangement, 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, fuels, chemicals, encapsulated lubricant and other products, and our business will suffer. If we do not succeed in entering into long-term supply contracts when necessary or successfully hedge against our exposure to fluctuations in the price of feedstock, 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, 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, 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 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 Joint Venture Agreement was amended in October 2013 and again in October 2015 to expand the field and product portfolio. The Solazyme Bunge JV produces microalgae-based products in Brazil 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 Bunge has been completed. The purchase of any additional land by the Solazyme Bunge JV would be complex, subject to multiple approvals from governmental authorities and take time to complete. The construction of the Solazyme Bunge JV's production facility began in June 2012, and the first commercial product from the Solazyme Bunge JV production facility was produced in the second quarter of 2014. Manufacturing operations and processes continue to be optimized as the facility is ramped up. In addition, we have entered into a series of research and development agreements with Bunge and with the Solazyme Bunge JV to, among other things, develop additional products for the Solazyme Bunge JV. The current funded projects extend through December 2018. 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 products. In return, we expect to share in profits anticipated to be realized from the sale of these products.

In November 2012, we and Archer-Daniels-Midland Company ("ADM") entered into a Strategic Collaboration Agreement ("Collaboration Agreement"), establishing a strategic collaboration ("Solazyme/ADM Collaboration") at the ADM facility in Clinton, Iowa (Clinton Facility") for the production of microalgae-based products. Concurrently with the execution of the Collaboration Agreement, we and ADM entered into an operating agreement (the "Operating Agreement") related to the production of products at the Clinton Facility. On October 29, 2015, we provided notice to ADM of the termination of the Operating Agreement as of February 26, 2016 (the "Termination Date"). On December 28, 2015, we and ADM entered into a Termination Agreement relating to the termination of the Strategic Collaboration. On February 26, 2016, the Operating Agreement and the Collaboration Agreement terminated.

Since the third quarter of 2013, downstream processing of products manufactured at the Clinton Facility had been performed at a finishing facility in Galva, Iowa ("Galva Facility"), which is operated by our long-term partner, a wholly owned subsidiary of American Natural Processors, Inc. ("ANP") ("Clinton/Galva Facilities"). We and the wholly owned subsidiary of ANP entered a Termination Agreement on December 11, 2015 terminating the contract for services at the Galva Facility as of December 31, 2015. Despite the termination we expect to continue to use the Galva Facility or another ANP-affiliated facility for some downstream processing.

Due to the termination of the contracts relating to the Clinton/Galva Facilities, customers that previously had received our products from the Clinton/Galva Facilities may need to qualify our products that are produced at the Solazyme Bunge JV production facility. A failure by the products manufactured at the Solazyme Bunge JV to qualify or otherwise meet the requirements of our customers would adversely affect our business.

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 microalgae-based products. 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 most 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 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 have committed, and intend to continue to commit, substantial resources, alone or with collaboration partners, to the development and analysis of new oils and other microalgae-based products by applying classical and recombinant technology to our microalgae strains. There is no guarantee that we will be successful in creating new oil profiles, or other microalgae-based products, that we, our partners or their customers desire. There are significant technological hurdles in successfully applying recombinant and other technology to microalgae, and if we are unsuccessful at developing microalgae strains that produce desirable oils and other microalgae-based products, 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 products 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. For example, with respect to oil, 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 ramp up large commercial manufacturing facilities. If we cannot do so, our business could be materially and adversely affected.

Production of both current and future oils and other microalgae-based products will require that our technology and processes be scalable from laboratory, pilot and demonstration projects to large commercial-scale production. We have limited experience constructing, ramping up 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, equipment failure or accidents, problems with consistent and reliable 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 approximately 625,000 liters. However, we still need to demonstrate that we can reach our target cost structure, including the achievement of target yields and productivities at approximately 625,000 liter scale in Brazil. 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 wholly 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. We currently have only one manufacturing arrangement for large-scale commercial fermentation: an agreement for the manufacture of certain products by the Solazyme Bunge JV pursuant to a joint venture arrangement. We also have the ability to do smaller-scale commercial fermentation at our Peoria facility.

In addition, we 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, including the Solazyme Bunge JV, 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 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 and initial commercial sales. Even if there is demand for our products at 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 and/or cost overruns in financing, designing, constructing and ramping up large commercial manufacturing facilities, which could result in harm to our business and prospects.

In order to meet our financial requirements for manufacturing 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 ramp up the Solazyme Bunge JV production facility or 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.

Manufacturing operations have begun at the Solazyme Bunge JV production facility adjacent to Bunge's Moema sugarcane mill in Brazil. The first products from the Solazyme Bunge JV production facility were produced in the second quarter of 2014, and manufacturing operations at the facility are in the process of being optimized and ramped up. We do not expect the facility to reach target nameplate capacity in the near term as the Solazyme Bunge JV continues to optimize manufacturing operations and focuses production on high margin products, and additional capital expenditures may be required to reach nameplate capacity depending on the product mix produced at the Solazyme Bunge JV production facility. Under the joint venture agreements, Bunge has agreed to provide feedstock as well as utility services to the Solazyme Bunge JV production facility. The production facility has experienced, and may continue to experience, intermittent supply of power and steam from Bunge. Bunge and the Solazyme Bunge JV have completed a number of power and steam improvement projects, including the construction of an electrical grid tie-in and the tie-in and activation of a second steam boiler. The Solazyme Bunge JV continues to evaluate the performance of these projects and may take additional actions in the future to further improve power and steam reliability, if necessary. Without consistent and reliable supplies of power and steam to the production facility, production yields will be lower, the ramp up and optimization of the Solazyme Bunge JV production facility will be delayed, our costs will increase and our business and results of operations will be adversely affected.

In February 2013, the Solazyme Bunge JV entered into a loan agreement with the Brazilian Development Bank ("BNDES") for project financing. Funds borrowed under the loan agreement have supported 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 and term loan credit facility (the "HSBC facility") with HSBC Bank, USA, National Association ("HSBC") to support a bank guarantee of the BNDES loan. The HSBC facility expires on May 31, 2016.

On April 29, 2016, Silicon Valley Bank issued a standby letter of credit (SVB SLOC) in favor of Itaú Unibanco S.A. (Itaú) to support a bank guarantee issued by Itaú on our behalf to BNDES in connection with the loan agreement entered into in 2013 between BNDES and SB Oils. Upon the issuance of the SVB SLOC, we pledged approximately $12.6 million as collateral to secure the issued SVB SLOC. We intend to enter a loan and security agreement in the second quarter of 2016 to replace the pledge agreement and the HSBC facility, but we cannot be certain that we will be able to meet this timeframe, and the terms of such an agreement may be less favorable than those of the HSBC facility.

In addition, we may be required to provide a corporate guarantee of a portion of the BNDES 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. The Solazyme Bunge JV may in the future 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 by the Solazyme Bunge JV from Bunge has been completed. The purchase of any additional land by the Solazyme Bunge JV would be complex, subject to multiple approvals of governmental authorities and take time to complete.

We will need to construct, or otherwise secure access to, and fund, additional capacity significantly greater than what we currently have as we continue to commercialize our products. Some of our customers may ultimately require that we acquire access to additional production facilities in order to diversify our manufacturing base. We expect to bring online additional facilities in the future. 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, as well as delays in deliveries of materials for the construction of such manufacturing facilities in more remote locations. 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 or utility problems, equipment damage, accidents, 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 other microalgae-based products 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.

We face financial risk associated with ramping up production to reduce our per-unit production costs. To reduce per-unit production costs, we must increase production to achieve economies of scale. However, if we do not sell production output in a timely manner or in sufficient volumes at sufficient prices, our investment in production will harm our cash position and generate losses. Due to decreases in the prices of petroleum and certain plant oils, on which products competitive with our own depend, we have determined not to manufacture certain of our products because the production and sale of such products at a loss would adversely affect our business. Therefore, we expect the time required to ramp up the Solazyme Bunge JV production facility and to achieve positive cash flows at such facility will be more than we previously anticipated. Further delays would materially adversely affect our business.

Our transition to a food, nutrition and specialty ingredients company may not go as planned.

We recently announced that, going forward, Solazyme, Inc. will be known as TerraVia. We are focusing on the commercialization of food ingredients, consumer food brands, animal nutrition, skin care and specialty personal care ingredients. In connection with this transition, we plan to reallocate capital and management attention away from activities in industrial products, including fuels, chemicals and oil field services, and we are currently seeking strategic alternatives with respect to these businesses. We may not succeed in finding a strategic alternative that we believe appropriately values these businesses. We and our management may spend more resources than anticipated in evaluating strategic alternatives or continuing these businesses, which could negatively impact our overall business.

In addition, our chief executive officer intends to transition out of his current role once a new chief executive officer is identified and successfully retained. This transition process may take longer or require more management and board attention than we anticipate, which could distract our management team and have a negative impact on our business results.

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, 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 food, animal nutrition, fuels and chemicals markets, we have entered into a joint venture arrangement with Bunge that is focused on the manufacture of products in Brazil and development agreements with various other partners. In addition, we have entered into a commercial supply agreement with Unilever. 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;
- a partner could divest assets that are critical to our or our joint venture's operations to a third party that is less willing to cooperate with us or is less incentivized or able to manage such assets in a way that helps us achieve our operational and financial goals;
- our partners could become unable or less willing to expend their resources on research and development, commercialization efforts or the maintenance or supply of production services 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 or former partner could develop, and any conflict with a partner or former partner could reduce our ability to enter into future collaboration agreements and negatively impact our relationships with one or more existing partners. If any of these events occurs, 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. In addition, disagreements with a partner or former partner could result in disputes or litigation. Formal dispute resolution and litigation can require substantial time and resources, and the resolution of disputes and litigation may result in settlements or judgments that have a materially adverse impact on our results of operations or our financial condition. We are currently engaged in legal proceedings with our former partner Roquette Frères, S.A. For additional information regarding the Roquette proceedings, see Note 15 - Commitments and Contingencies of the notes to the unaudited interim condensed consolidated financial statements.

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 Bunge may not prove successful.

We have entered into a joint venture with Bunge that is focused on the production of certain microalgae-based products in Brazil. 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 depends on, among other things, 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 agreements, Bunge has agreed to provide feedstock as well as utility services to the Solazyme Bunge JV production facility. Since originally establishing the Solazyme Bunge JV we have expanded the products and fields in which the joint venture is operating.

In addition, Bunge has announced that it is actively pursuing strategic alternatives for its Brazilian sugarcane business, which could involve the divestment, in whole or in part, of the assets of such business. While a new controlling entity would remain subject to the terms of the feedstock and utility supply agreements, that entity may be less willing to cooperate with us or the Solazyme Bunge JV, which may adversely affect the development and commercialization of the Solazyme Bunge JV's products.

We and Bunge each provide various administrative services to the Solazyme Bunge JV, and Bunge also provides working capital to the Solazyme Bunge JV through a revolving loan facility. 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 or cost overruns in connection with the ramp up and optimization of the Solazyme Bunge JV production facility. There may also be delays in our negotiation of the bank and corporate loan guarantees in connection with the loan agreement with BNDES. In addition, we will be required to maintain the required license, granted by the Sao Paulo State Environmental Department, to operate the production facility. Any negative event with respect to these issues 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 are currently in litigation with Roquette and we may have other disputes with Roquette related to 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 ("SRN") through which both we and Roquette agreed to pursue certain opportunities in microalgae-based products for the food, nutraceuticals and animal feed markets. In June 2013, we and Roquette agreed to dissolve SRN and on July 18, 2013, SRN 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 SRN certain of our intellectual property, automatically terminated.

We and Roquette engaged in an arbitration proceeding concerning the proper assignment of the intellectual property of SRN. In February 2015 the arbitration panel awarded all such intellectual property to us, and this award was confirmed by the U.S. District Court for the District of Delaware in December 2015. In addition, Roquette commenced two separate actions in the U.S. District Court for the District of Delaware for declarations that, among other things, the arbitrators exceeded their authority by failing to render a timely arbitration award and as a result any orders or awards issued by the arbitrators are void. Summary judgment in these matters requested by Roquette was denied by the U.S. District Court for the District of Delaware in December 2015. We have counterclaimed for damages for misappropriation of trade secrets, misuse of confidential information and breach of contract. In turn Roquette has counterclaimed that we have misused certain Roquette trade secrets. The proceedings are ongoing. See Note 15 - Commitments and Contingencies of the notes to the unaudited interim condensed consolidated financial statements for more information regarding our proceedings with Roquette. We cannot be sure that other disputes will not arise between us and Roquette related to the joint venture's business. 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 products included in the SRN joint venture could delay or negatively impact our commercialization of products in the markets SRN 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 food and nutrition market and in the animal nutrition market, our food ingredients and products 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 products, we will not be successful in competing in the nutrition market and our business will be adversely affected. Customers in the nutrition market also may require lengthy and complex qualification procedures with respect to our products, our manufacturing capabilities, regulatory issues and other matters. Likewise, in the animal nutrition market, if customers are not willing to integrate our products into their animal nutrition products, 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 brands, be attracted to our new brands or products, or purchase our products on an ongoing basis. As a result, our branded products may not be successful, distribution partners may decide to discontinue marketing our products and our business will be adversely affected.

In the chemicals market, the potential customers for our or the Solazyme Bunge JV's products 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. 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 oil field services market, Encapso ™ competes with incumbent drilling lubricants and other specialty lubricants. Potential customers may be reluctant to adopt an algae-based product because of their unfamiliarity with our technology. Encapso ™ has been subjected only to a limited number of on-site drilling trials, and certain customers may require further data and operating history prior to committing to purchase.

We have entered into a limited number of binding, definitive commercial supply agreements that contain minimum volume commitments. We also periodically enter into 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 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 food products, nutrition products, skin and personal care products and chemical products, as well as large users of oils for fuels and lubricants for oil field operations and other applications. Because we began commercializing our skin and personal care products in the last few years, have only recently begun to commercialize lubricants for oil field operations and our own food ingredient products, and are still in the process of developing our products for the food, nutrition and skin and personal care, fuels and chemicals, oil field services and other 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 products, 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 products 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 products or third-party products integrating our 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 stated claims, 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 will 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 or our joint ventures operate or 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, which may affect the Solazyme Bunge JV's ownership rights in the facility site or in any additional land purchased.

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 U.S. 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 Reals 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 U.S. dollar and other foreign currencies. For example, the value of the Brazilian Real has fallen significantly against the U.S. dollar over the past few years. There can be no assurance that the Real or the Euro will not significantly appreciate or depreciate against the U.S. 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 U.S. dollar compared to those foreign currencies will increase our costs as expressed in U.S. 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 our 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. If we grow too rapidly or if our headcount or other aspects of our operating structure become misaligned with our strategy, we may need to reduce headcount or other operating costs. For example, in December 2014, as part of an adjustment to our operating and expense strategy related to the ramping up of the Solazyme Bunge JV production facility, we announced the intention to decrease operating expenses through a reduction in workforce and other cost-cutting measures. See the risk factor titled “We may experience significant delays and/or cost overruns in financing, designing, constructing and ramping up large commercial manufacturing facilities, which could result in harm to our business and prospects” above for more information. In addition, in January 2016, as part of our continuing strategy to focus operations on targeted, higher-value product categories, we streamlined operations by reducing our workforce. Such reductions in workforce can have an adverse effect on our business.

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 business has taken place across several target markets: food and nutrition, skin and personal care, fuels and chemicals, and oil field services. 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 markets 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 our 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.

We are involved, and may become involved in the future, in legal proceedings that, if adversely adjudicated or settled, could adversely affect our financial results.

We, and certain of our officers and directors, are involved, and may be involved in the future, in legal proceedings and claims arising in the course of our business. Such matters are subject to many uncertainties and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows. See Note 15 - Commitments and Contingencies of the notes to the unaudited interim condensed consolidated financial statements of this report for a description of the material legal proceedings in which we are currently engaged.

We cannot predict the outcome of any legal proceeding in which we are engaged. Moreover, any conclusion of legal proceedings in a manner adverse to us could have an adverse effect on our financial condition and business. Even if we are successful in litigation, we could incur substantial costs, suffer a significant adverse impact on our reputation and divert management's attention and resources from other priorities, including the execution of business plans and strategies that are important to our ability to grow our business, any of which could have an adverse effect on our business. Legal proceedings may result in significant legal expenses, settlement costs or damage awards that are not covered by, or exceed the limits of, our liability insurance, which could adversely impact our financial condition, results of operations or cash flow.

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 directors, 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, and on our directors. If any of such persons left, our business could be harmed. All of our employees and directors are at-will and may resign at any time. The loss of the services of one or more of our key employees, or directors 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. In addition, the restructuring that we implemented in December 2014 and January 2016 could have an adverse impact on our ability to retain and recruit qualified personnel. If we are unsuccessful in our recruitment efforts, we may be unable to execute our strategy.

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

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 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, all of which have been dropped from review. Our subsequent filing of Notices of Commencement (NOC) relating to previously filed MCANs allows us to commercially use these strains. We 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 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 on the TSCA inventory due to our successful PMN submissions and filed NOCs. 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 inventory, 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 algae 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 U.S. 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 U.S. or European approval.

Our food and nutrition products are subject to regulation by various government agencies, including the U.S. Food and Drug Administration ("FDA"), state and local agencies and similar agencies outside the United States. In the U.S., food ingredients are regulated either as food additives or as substances generally recognized as safe, or GRAS. A GRAS self-determination can be made with respect to a substance by its manufacturer upon the receipt of an opinion from a panel of independent qualified experts who determine that the substance is GRAS for its intended conditions of use. A GRAS Notice for one algae oil was submitted to the FDA in June 2011, and a "no questions" letter was received from the FDA in June 2012. A GRAS Notice for each of whole algae flour and whole algae protein was submitted to the FDA, and a "no questions" letter was received from the FDA in 2013 for whole algae flour and in 2014 for whole algae protein. A GRAS Notice for our second algae oil, an oleic algae oil, was submitted in July 2014 and received a "no questions" letter in February 2015. If the FDA were to disagree with the conclusions in future GRAS Notices, 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. In Brazil, we submitted applications to the Brazilian Health Surveillance Agency (ANVISA) for approval of various food products. We received food approval with no restrictions for our whole algae flour in July 2015. In Canada, we received a Letter of No Objection for whole algae flour in February 2016. Other products may or may not be approved in the future. Any significant delay or disapproval by ANVISA, Health Canada or other government agencies of our food products would adversely affect our food and nutrition business in these countries.

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 our Soladiesel ® RD and Soladiesel ® BD 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.

The sale of ingredients for use in animal feed is regulated by agencies including the FDA's Center for Veterinary Medicine ("CVM"). Regulatory requirements for suitability must be met by providing data from studies, which may cause delays and the incursion of additional costs.

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 products 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 products, and our business may be harmed.

The construction and operation of our, our partners' or our joint ventures' production facilities are likely to require government approvals. If we are not able to obtain or maintain the necessary approvals in a timely manner or at all, our

business will be adversely affected. In February 2014, the Sao Paulo State Environmental Department granted a license to operate the Solazyme Bunge JV facility, which was necessary to begin commercial production.

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 U.S. and outside the U.S., 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 products, business or 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 ("EISA") 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 U.S. 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. For example, in 2015, the U.S. Environmental Protection Agency (EPA) announced a reduction in the volume of total renewable fuel from the 2015 statutory target of 20.5 billion gallons to 16.3 billion gallons. The elimination of, or any additional reduction in, mandated requirements for fuel alternatives and additives to gasoline may cause demand for biofuels to decline and deter investment in the research, development or commercial adoption of renewable fuels.

In addition, the U.S. 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 biofuel tax credit expires annually, and is therefore at risk every year for delay of approval. Any reduction in, phasing out or elimination of existing tax credits, subsidies and other incentives in the U.S. 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 fuel products and increase the overall cost of commercialization of our renewable fuels, which would adversely affect our business.

Furthermore, market uncertainty regarding future policies may also affect our ability to develop new renewable products, license our technologies to third parties and 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 products. 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 materials 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. When and how these requirements and any regulatory or policy changes are addressed 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 products, 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 meet applicable regulatory requirements 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 U.S., 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. We obtained approval for this application from CTNBio in October 2013, and we have since received several approvals related to additional applications we had submitted. In February 2014, CTNBio granted a CQB (Certificate of Quality in Biosafety) to the Solazyme Bunge JV facility for activities including industrial production, import and export, disposal and storage of our key production organisms. If we cannot meet the applicable requirements in 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 food and nutrition, animal 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 food, nutrition, animal nutrition and skin and personal care products will compete with providers in both the specialty, mass food ingredient and animal nutrition markets. Many of these companies, such as Cargill, Incorporated, Monsanto Company, Syngenta AG and Roquette Frères, S.A., 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 food, nutrition and animal nutrition products based on renewable oils, including DSM Food Specialties and DuPont Nutrition & Health. Our success in the development of food,

nutrition and animal 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 than us. 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 than us. 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.

We expect to face competition for our products in the fuels and chemicals 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, our business could be harmed and certain of our strategic alternatives could be adversely impacted.

In the chemical market, 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 fuels and chemicals 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 most 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 fuels and chemicals, 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. If we are unsuccessful in competing in the fuels and chemicals markets, our business could be harmed and certain of our strategic alternatives could be adversely impacted.

We expect to face competition in the oil field services market.

We expect that Encapso ™ will compete with incumbent drilling lubricant products that are marketed by larger companies with significantly greater resources and experience. Such competitors compete vigorously on fluids performance and price. These companies have broad product and service offerings in addition to their drilling fluids. These larger companies may attempt to compete by offering discounts to customers to use multiple products and services, some of which we do not offer. We may also compete with regional companies that compete on price, performance and local relationships. Our success in this target market will depend on our ability to effectively compete with these established companies. If we are unable to do so effectively, our business could be harmed and certain of our strategic alternatives could be adversely impacted.

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

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. When the price of any of these oils falls, as they have recently, we may be unable to produce algae oils or other products 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 products. During sustained periods of lower oil prices we may be unable to sell our products, which could materially and adversely affect our operating results. For example, in part as a result of the recent drop in the prices of petroleum and certain plant oils, the ramp up of the Solazyme Bunge JV's production facility in Brazil will be slower than, and the mix of products manufactured in that facility will be different from, what we previously anticipated as production will be focused primarily on high margin products.

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 remain at present levels or decline to 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 food, nutrition and skin and personal care products may be reduced, and our ability to successfully compete in this market may be harmed.

Our information technology systems, processes and sites may suffer a significant breach or disruption that may adversely affect our ability to conduct our business.

Our information technology systems, some of which are dependent on services provided by third parties, provide critical data and services for internal and external users, including procurement and inventory management, transaction processing, financial, commercial and operational data, human resources management, legal and tax compliance information and other information and processes necessary to operate and manage our business. Our information technology and infrastructure may experience attacks by hackers, breaches or other failures or disruptions that could compromise our systems and the information stored there. While we have implemented security measures and disaster recovery plans designed to protect the security and continuity of our networks and critical systems, these measures may not adequately prevent adverse events such as breaches or failures from occurring or mitigate their severity if they do occur. If our information technology systems are breached, damaged or fail to function properly due to any number of causes, such as security breaches or cyber-based attacks, systems implementation difficulties, catastrophic events or power outages, and our security, contingency or disaster recovery plans do not effectively mitigate these occurrences on a timely basis, we may experience a material disruption in our ability to manage our business operations. We may also be subject to legal claims or proceedings, liability under laws that protect the privacy of personal information, potential regulatory penalties and damage to our reputation. The occurrence of any of these events may adversely impact our business, results of operations and financial condition, as well as our competitive position.

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 U.S. Patent and Trademark Office and foreign patent offices in granting patents are different and 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 U.S., depending on the decisions and actions taken by the U.S. Congress, the federal courts, and the U.S. 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, brought a number of changes to the U.S. patent system and affects the way patents are prosecuted, challenged and litigated. Among the changes that went into effect on 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 laws of the U.S. with the laws of most of the world. Lack of precedential interpretation of the new provisions of the AIA through specific cases or through guidelines promulgated by the U.S. 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 U.S. 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 and elsewhere.

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. Patent litigation is also costly, time-consuming and distracting to our management. 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, 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 and former 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, partners, former partners 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 United States 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 U.S. and foreign issued patents and pending patent applications, which are owned by third parties, relate to (1) the production of bio-industrial products, including edible ingredients, oils, chemicals, drilling fluids and biofuels, and (2) the use of microalgae strains, such as microalgae strains containing genes to alter their 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 against. 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. These competitors 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 U.S. federal government funding. When new technologies are developed with U.S. 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 U.S. government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, U.S. government-funded inventions must be reported to the government and U.S. 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 the State of 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 or time associated with the completion of new manufacturing facilities and the ramp up to nameplate capacity and optimization of production following completion of a new manufacturing facility;
- delays or greater than anticipated expenses associated with the provision of key support and/or operational services to manufacturing facilities;
- our capital requirements or capital requirements of our joint ventures;
- our ability to effectively manage larger working capital positions as we increase commercial production and distribution of our products;
- disruptions in the production process at any facility where we produce our products, including due to equipment failure or accidents;
- 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 products 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 regulations and policies that impact the fuel, chemical, food, nutrition and skin and personal care, and oil field services markets;
- 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, public and private placements of our equity and convertible debt securities, credit facilities, 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 (the "2018 Notes"). The 2018 Notes bear interest at a rate of 6.00% per year, payable in cash semi-annually. In April 2014 we issued 5,750,000 shares of our common stock and $149.5 million aggregate principal amount of convertible senior subordinated notes due 2019 (the "2019 Notes"). The 2019 Notes bear interest at a rate of 5.00% per year, payable in cash semi-annually. As of March 31, 2016, approximately $61.6 million aggregate principal amount of the 2018 Notes was outstanding and approximately $149.5 million aggregate principal amount of the 2019 Notes was outstanding. We have also entered into the HSBC facility that provides for a $35.0 million revolving facility for working capital and letters of credit.

In addition, on April 29, 2016, Silicon Valley Bank issued a standby letter of credit (SVB SLOC) in favor of Itaú Unibanco S.A. (Itaú) to support a bank guarantee issued by Itaú on our behalf to BNDES in connection with the loan agreement entered into in 2013 between BNDES and SB Oils. Upon the issuance of the SVB SLOC, we pledged approximately $12.6 million as collateral to secure the issued SVB SLOC. We intend to enter a loan and security agreement in the second quarter of 2016 to replace the pledge agreement and the HSBC facility, but we cannot be certain that we will be able to meet this timeframe, and the terms of such an agreement may be less favorable than those of the HSBC facility.

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.

In addition, 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, if the Solazyme Bunge JV needs and 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. In addition, our working capital requirements and the working capital requirements of the Solazyme Bunge JV may increase as we and the Solazyme Bunge JV each increase production due to an increase in inventory and the manufacture of out-of-specification product during the ramp-up of commercial production.

Although we believe that our current cash, cash equivalents, marketable securities and revenue from product sales will be sufficient to fund our current operations for at least the next 12 months, our liquidity assumptions may prove to be wrong, and we could utilize our available financial resources sooner than we currently expect. 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, and doubts may be raised regarding our ability to continue as a going concern.

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.

As of March 31, 2016 , our total consolidated indebtedness was $211.1 million . Of our $211.1 million of indebtedness, none is currently secured. We also may be required to provide a corporate guarantee with respect to the portion of the BNDES loan to the Solazyme Bunge JV that, when added to our bank guarantee, does not exceed our percentage ownership in the Solazyme Bunge JV.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2018 Notes and the 2019 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to 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 which 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 indentures governing the 2018 Notes and 2019 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 of the indentures governing the 2018 Notes and the 2019 Notes that could have the effect of diminishing our ability to make payments on the notes when due. Our existing HSBC facility restricts our ability to incur additional indebtedness, including secured 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 the requirements under our grants or contracts, we may face penalties or other negative consequences, and in such event we 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 the 2018 Notes or 2019 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 HSBC facility 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 were no material weaknesses in our internal controls over financial reporting as of March 31, 2016. 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.

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 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 report.

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 our 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 involving our common stock.

The sale or issuance by us of substantial amounts of our common stock could adversely impact the trading price of our common stock.

A substantial number of shares of our common stock may be issued in connection with the exercise of options outstanding under our equity incentive plans, the vesting of restricted stock awards and restricted stock units, the exercise of outstanding warrants, the conversion of or exchange for outstanding 2018 Notes and 2019 Notes. See Note 2 in the accompanying notes to our unaudited interim condensed consolidated financial statements for additional information regarding the number of outstanding shares of potentially dilutive securities. Also see Note 14 in the accompanying notes to our unaudited interim condensed consolidated financial statements for information regarding the possible conversion of the 2018 Notes and 2019 Notes into shares of our common stock. In addition, we expect to issue additional shares under our equity incentive plans and employee stock purchase plan in the future. In the future, we may issue additional shares of common stock or other equity-linked securities to raise additional capital.

Any future sale or issuance of common stock could adversely impact the trading price of our common stock.

If the market price of our common stock were to cease to be quoted on a national exchange, the market price of our common stock and our reputation would be negatively impacted.

If we are unable to meet the stock price listing requirements of NASDAQ, including the requirement that our consolidated closing bid price not be below $1.00 per share for 30 consecutive business days, NASDAQ may issue a deficiency notice providing a 180 day compliance period prior to our common stock being subject to delisting from the NASDAQ Global Select Market. If our common stock were delisted from the NASDAQ Global Select Market, among other things, this could result in a number of negative implications, including reduced price and liquidity in our common stock as a result of the loss of market efficiencies associated with NASDAQ and the loss of federal preemption of state securities laws, as well as the potential loss of confidence by suppliers, customers and employees, the loss of institutional investor interest, the loss of the ability to raise future capital, less coverage by analysts, fewer business development opportunities and greater difficulty in obtaining financing. The threat of delisting may also lead to a "reverse split" to increase the per share price of our common stock.

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.

We incur significant expenses as a result of being a public company.

As a public company, we incur significant additional 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-GS, 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 common stock would be negatively impacted. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock 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 common stock could decrease, which might cause the price of our common stock and its 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. Our HSBC facility restricts our ability to pay cash dividends, and we may be subject to additional dividend restrictions under the terms of future indebtedness. 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 29, 2015, we provided to ADM a notice of termination of the Operating Agreement entered into with ADM in November 2012 related to the production of products at the Clinton Facility. On December 28, 2015, we entered into a warrant exchange agreement (Exchange Agreement) with ADM pursuant to which ADM agreed to exchange (x) a warrant covering 500,000 shares of Company common stock, (y) a warrant in the face amount of $5.1 million and (z) two warrants in the face amount of $6.5 million each (the Warrants) for (i) 1,121,914 shares of our common stock, which is equal to $3.0 million divided by the average daily closing share price of our common stock over the five consecutive trading days ending on the trading day prior to December 28, 2015 and (ii) a number of shares of common stock equal to $2.5 million divided by the average daily closing share price of our common stock over the five consecutive trading days ending on the trading day prior to February 17, 2016. The settlement of the first tranche of shares covered by the Exchange occurred on December 29, 2015.On February 17, 2016 we and ADM amended the Exchange Agreement (Amended Exchange Agreement) to provide that the Company's exchange consideration for the February issuance portion would instead be (x) $1.25 million paid to ADM in cash no later than February 19, 2016, and (y) the issuance of a number of shares of Common Stock equal to $1.25 million divided by the average daily closing share price of our common stock over the five consecutive trading days ending on the trading day prior to April 1, 2016. On April 1, 2016, we issued 627,510 shares of our common stock to ADM.

2. On January 29, 2016, pursuant to a Consulting Agreement with Mark Schuett, we issued 111,386 shares of our common stock to Mr. Schuett. Pursuant to the Consulting Agreement, Mr. Schuett is providing consulting services related to manufacturing processes.

The issuance of securities described in paragraph 1 above was made in reliance on the exemption from registration contained in Section 3(a)(9) of the Securities Act of 1933, as amended. The issuance of securities described in paragraph 2 above was 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.

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Filing Date	Exhibit	
10.1	Series A Convertible Preferred Stock Purchase Agreement, effective as of March 10, 2016, by and among Solazyme, Inc. and certain purchasers					X
10.2	Amendment No. 1 to Series A Convertible Preferred Stock Purchase Agreement, dated March 10, 2016, by and among Solazyme, Inc. and certain purchasers					X
10.3	Registration Rights Agreement, dated March 15, 2016, among Solazyme, Inc. and certain purchasers					X
10.4	Form of Standstill Agreement					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 financial statements, formatted in XBRL: (i) Condensed Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015, (ii) Condensed Consolidated Statements of Operations for the three months ended March 31, 2016 and 2015; (iii) Condensed Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2016 and 2015 (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015; and (v) Notes to Unaudited 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.

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 Operating Officer and Chief Financial Officer

(Principal Financial and Accounting Officer and duly authorized signatory)

Date: May 6, 2016

EXECUTION VERSION

SOLAZYME, INC.

SERIES A CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT

March 10, 2016

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SOLAZYME, INC.

SERIES A CONVERTIBLE PREFERRED

STOCK PURCHASE AGREEMENT

This agreement (the " **Agreement** ") is made effective as of March 10, 2016, by and among Solazyme, Inc., a Delaware corporation (the " **Company** "), and each of those persons and entities, severally and not jointly, whose names are set forth on the Schedule of Purchasers attached hereto as Schedule A (each, a " **Purchaser** ," and together, the " **Purchasers** ").

R E C I T A L S:

WHEREAS, the Purchasers desire to purchase and the Company desires to sell securities on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises hereof and the agreements set forth herein below, the parties hereto hereby agree as follows:

ARTICLE 1
Authorization and Sale of
Series A CONVERTIBLE Preferred Stock

Section 1.01 *Authorization of Series A Convertible Preferred Stock* . The Company has authorized the sale and issuance of up to 35,000 shares of Series A Convertible Preferred Stock of the Company (the " **Series A Preferred** "), having the rights, preferences, privileges and restrictions as set forth in the Certificate of Designations of Preferences, Rights and Limitations of the Series A Convertible Preferred Stock in substantially the form attached hereto as Exhibit A (the " **Certificate of Designations** ").

Section 1.02 *Sale of Series A Preferred Stock* . Subject to the terms and conditions hereof, the Company will issue and sell to the Purchasers, and the Purchasers will, severally and not jointly, buy from the Company, an aggregate of 27,850 shares of Series A Preferred. Each Purchaser shall purchase the number of shares and for the consideration specified in Schedule A hereto at either the Initial Closing (as defined below), the Second Closing (as defined below) or the Third Closing (as defined below) as set forth in Schedule A . The Purchasers will purchase their Series A Preferred at a per share purchase price of $1,000.00. The term " **Shares** " as used in this Agreement refers to the shares of Series A Preferred issued to the Purchasers pursuant to this Agreement.

ARTICLE 2
Closing Date; Delivery

Section 2.01 *Closing Date* .

(a) It is anticipated that the purchase and sale of the Shares to the Purchasers shall be consummated at a closing to be held at the offices of Davis Polk & Wardwell LLP, 1600 El Camino Real, Menlo Park, CA at 7:00 a.m., Pacific Time, on March 15, 2016 (the " **Initial Closing** ") or at such other date, time and place upon which the Company and the Purchasers set forth under the heading "Initial Closing" of Schedule A hereto shall agree (the " **Initial Closing Date** "), upon the physical or electronic exchange among the parties and their counsel of all documents and deliverables required under this Agreement.

(b) A second closing will be held at the offices of Davis Polk & Wardwell LLP at 7:00 a.m., Pacific Time, on March 24, 2016 (the " **Second Closing** ") or at such other date, time and place upon which the Company and the Purchasers set forth under the heading "Second Closing" of Schedule A shall agree (the " **Second Closing Date** ").

(c) A third closing will be held at the offices of Davis Polk & Wardwell LLP at 7:00 a.m., Pacific Time, on March 31, 2016 (the " **Third Closing** ") or at such other date, time and place upon which the Company and the Purchasers set forth under the heading "Third Closing" of Schedule A shall agree (the " **Third Closing Date** ").

(d) The term " **Closing** " and collectively the " **Closings** " shall apply to each of the Initial Closing, the Second Closing and the Third Closing, and the term " **Closing Date** " and collectively the " **Closing Dates** " shall apply to each of the Initial Closing Date, the Second Closing Date and the Third Closing Date unless otherwise specified.

Section 2.02 *Delivery and Payment* . At the applicable Closing, the Company will issue the number of Shares purchased by each Purchaser at such Closing as set forth in Schedule A , against payment of the purchase price therefor by wire transfer of immediately available funds per the Company's instructions, and instruct the transfer agent to deliver appropriate documentation of the book-entry records of such Shares to each such Purchaser.

ARTICLE 3
Representations and Warranties of the Company

Subject to Section 8.12, except as set forth (a) in the SEC Reports (as defined below) and (b) on the Schedule of Exceptions to this Agreement (the " **Schedule of Exceptions** "), which exceptions shall be deemed to be part of the representations and warranties made hereunder, the Company hereby represents and warrants to each Purchaser that:

Section 3.01 *Organization and Standing* . The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the Delaware, with corporate power and authority to own its properties and conduct its business as now conducted. Each subsidiary of the Company has been duly organized and is validly existing as a corporate entity in good standing under the laws of its jurisdiction of organization. Each of the Company and its subsidiaries is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in such good standing would not have a Company Material Adverse Effect. A " **Company Material Adverse Effect** " shall mean any material adverse effect on (i) the assets, liabilities, business, properties, operations, financial condition, prospects or results of operations of the Company and its subsidiaries, if any, taken as a whole, (ii) the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith or (iii) the authority or the ability of the Company to perform its obligations under this Agreement.

Section 3.02 *Corporate Power* . The Company has all requisite legal and corporate power and authority to execute and deliver this Agreement, the Registration Rights Agreement in substantially the form attached hereto as Exhibit B (the " **Registration Rights Agreement** ") and the Standstill Agreements substantially in the form attached hereto as Exhibit C (each, a " **Standstill Agreement** " and, collectively with this Agreement and the Registration Rights Agreement, the " **Transaction Documents** "), to sell and issue the Shares hereunder, to issue the underlying common stock, par value $0.001 per share (the " **Common Stock** "), of the Company upon conversion of the Shares (the " **Conversion Stock** ") in accordance with the provisions of the Certificate of Designations, and to carry out and perform its obligations under the terms of the Transaction Documents to which it is a party.

Section 3.03 Governmental Consents, Etc. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of the Company is required in connection with the valid execution, delivery and performance of the Transaction Documents to which it is a party, or the offer, sale or issuance of the Shares or the Conversion Stock, or the consummation of any other transaction contemplated hereby or thereby, except (a) the filing of

the Certificate of Designations in the office of the Delaware Secretary of State prior to the Initial Closing, (b) the qualification (or taking of such action as may be necessary to secure an exemption from qualification, if available) of the offer and sale of the Shares and the Conversion Stock under applicable Blue Sky laws, which filings and qualifications, if required, will be accomplished in a timely manner, and (c) any filings, consents, approvals, or registrations as may be required by The NASDAQ Global Select Market in connection with the sales of the Shares. The Company is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the NASDAQ Global Select Market and has not received any written notice from the NASDAQ Global Select Market of an event or condition that would reasonably be expected to cause the Common Stock to be delisted by the NASDAQ Global Select Market. The issuance and sale of the Shares and the Conversion Stock hereunder do not contravene the rules and regulations of the NASDAQ Global Select Market.

Section 3.04 *Noncontravention* . Assuming compliance with the matters referred to in ýSection 3.03, the issue and sale of the Shares and the performance by the Company of its obligations under the Transaction Documents, including its obligation to issue Conversion Stock upon conversion of the Shares, and the consummation of the transactions therein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the certificate of incorporation or bylaws of the Company or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the properties or assets of the Company or any of its subsidiaries or any of their properties, except, with respect to clauses (i) and (iii), for such conflicts, breaches, violations or defaults as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.05 *Authorization* . All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution, delivery and performance by the Company of the Transaction Documents, the authorization, sale, issuance and delivery by the Company of the Shares and the Conversion Stock (including the approval and adoption of the Certificate of Designations by the Company's board of directors, as well as the filing of the Certificate of Designations with the Secretary of State of the State of Delaware) and the performance by the Company of all of the Company's obligations under this Agreement, has been taken or will be taken prior to the Closing. The Transaction Documents to which the Company is a party, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors, rules of law governing specific performance, injunctive relief or other equitable remedies, and laws, regulations or policies relating to or promulgated by the Securities and Exchange Commission (the " **SEC** "). When issued and delivered to and paid for by Purchasers pursuant to this Agreement, the Shares shall be validly issued, fully paid and nonassessable, shall have the rights, preferences, privileges and restrictions described in the Certificate of Designations, shall be free from all taxes, liens, claims and encumbrances with respect to the issuance thereof, shall not be subject to preemptive rights or other similar rights of stockholders of the Company and shall not impose personal liability on the holder thereof to the Company. The Conversion Stock has been duly and validly reserved and, when issued in compliance with the provisions of the Certificate of Designations, shall be validly issued, fully paid and nonassessable, shall be free from all taxes, liens, claims and encumbrances with respect to the issuance thereof, shall

not be subject to preemptive rights or other similar rights of stockholders of the Company and shall not impose personal liability on the holder thereof to the Company.

Section 3.06 *SEC Reports* . The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it under the Securities Exchange Act of 1934, as amended (the " **Exchange Act** "), including without limitation pursuant to Section 13(a) or 15(d) thereof, since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the " **2014 Form 10-K** ") through the date hereof on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of its respective filing date, (or, if amended or superseded by a filing prior to the date hereof, on the date of such filing), the 2014 Form 10-K, and all other reports of the Company filed with the SEC pursuant to the Exchange Act from the filing date of the 2014 Form 10-K through the date of this Agreement (including the exhibits and schedules thereto and documents incorporated by reference therein, being collectively referred to herein as the " **SEC Reports** ") complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act. As of its filing date (or, if amended or superseded by a filing prior to the date hereof, on the date of such filing), each SEC Report filed pursuant to the Exchange Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Reports complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

Section 3.07Capitalization . The Company has an authorized capitalization as of September 30, 2015 (the " **Capitalization Date** ") as set forth in its Quarterly Report on Form 10-Q filed on November 9, 2015 with the SEC. All of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except to the extent that it would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the stockholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. As of the date hereof, (i) there are no outstanding options, warrants, scrips, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its subsidiaries, or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries except (w) as set forth in the SEC Reports and the exhibits attached and incorporated by reference thereto, (x) as were granted or issued after the Capitalization Date pursuant to the Company's equity compensation plans described in the SEC Reports, and (y) as a result of the purchase and sale of the Shares; (ii) other than the Registration Rights Agreement,

there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of its or their securities under the Securities Act; and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Shares or the Conversion Stock. The Company has furnished to the Purchaser true and correct copies of the Company's certificate of incorporation as in effect on the date hereof and the Company's bylaws as in effect on the date hereof. Other than the Shares, the terms of all securities convertible into or exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto are as described in the SEC Reports and exhibits attached or incorporated by reference thereto.

Section 3.08 Litigation . As of the date hereof, there is no action, suit, investigation or proceeding pending against, or, to the knowledge of the Company, threatened against or affecting, the Company or any of its subsidiaries before (or, in the case of threatened actions, suits, investigations or proceedings, would be before) or by any court, public board, government agency or self-regulatory organization or body, that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.09 Intellectual Property. The Company and its subsidiaries own, license, or otherwise possess the right to use all material Intellectual Property (as defined below) necessary for the operation of the business as currently conducted. Except as would not, individually or in aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) to the Company's knowledge, there is no infringement, misappropriation or violation by third parties of any such Intellectual Property; (ii) the Company has not received written notice of any pending, and to the Company's knowledge, there is no pending or threatened, action, suit, proceeding or claim by others challenging the rights of the Company and its subsidiaries in or to any such Intellectual Property; (iii) the Intellectual Property owned by the Company and its subsidiaries has not been adjudged invalid or unenforceable, in whole or in part, and the Company has not received written notice of any pending, and to the Company's knowledge, there is no pending or threatened, action, suit, proceeding or claim by others challenging the validity, scope, or enforceability of any such Intellectual Property (except for proceedings before any governmental body or agency in the ordinary course relating to the registration of any such Intellectual Property); and (iv) the Company has not received written notice of any pending, and to the Company's knowledge, there is no pending or threatened, action, suit, proceeding or claim by others that the Company or its subsidiaries infringe, misappropriate or otherwise violate any Intellectual Property or other proprietary rights of others. To the Company's knowledge, the Company's or its subsidiaries' current products and services do not infringe on any Intellectual Property or other rights held by any person that could have a Company Material Adverse Effect. The Company and each of its subsidiaries have taken reasonable measures to maintain the confidentiality of all Intellectual Property the value of which to the Company is contingent upon maintaining the confidentiality thereof. The term " **Intellectual Property** " as used herein means trademarks, service marks, trade names, Internet domain names, logos, slogans, patents, copyrights, computer software, trade secrets and know-how (together with all goodwill associated therewith and including any registrations or applications for registration of any of the foregoing).

Section 3.10 *Registration Rights* . Except as set forth in the Registration Rights Agreement, the Company is not under any obligation to register under the Securities Act, any of its presently outstanding securities.

Section 3.11 Offering. Subject to the accuracy of the Purchaser's representations in this Agreement, the offer, sale and issuance of the Shares and the Conversion Stock (the " **Offering** ") constitute transactions exempt from the registration requirements of Section 5 of the Securities Act

and the qualification requirements of the securities laws of the State of California. Neither the Company nor any agent on its behalf has taken or will take any action so as to bring the sale of such Shares by the Company within the registration provisions of the Securities Act or any state securities laws other than as contemplated in the Registration Rights Agreement.

Section 3.12 *No Materially Adverse Contracts, Etc.* Neither the Company nor any of its subsidiaries is (i) subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation or (ii) a party to any contract or agreement, which in each case, in the judgment of the Company's officers has or would reasonably be expected to have a Company Material Adverse Effect.

Section 3.13 *Tax Status* . The Company and each of its subsidiaries has made or filed all federal, state and foreign income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment collection of any foreign, federal, state or local tax and none of the Company’s tax returns is presently being audited by any taxing authority.

Section 3.14 *Internal Controls* . The Company and each of its officers are in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act. The management of the Company has, in material compliance with Rule 13a-15 under the Exchange Act, (i) designed disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the management of the Company by others within those entities, and (ii) disclosed, based on its most recent evaluation prior to the date hereof, to the Company’s auditors and the audit committee of the Company’s Board of Directors (A) any significant deficiencies in the design or operation of internal control over financial reporting (“ **Internal Controls** ”) which would adversely affect the Company’s ability to record, process, summarize and report financial data and have identified for the Company’s auditors any material weaknesses in Internal Controls and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s Internal Controls.

Section 3.15 *Solvency* . The Company (both before and after giving effect to the transactions contemplated by this Agreement) is Solvent. For the purposes of this ýSection 3.15, “ **Solvent** ” means that the Company’s current assets exceeds its current liabilities and the Company believes that it will be able to pay its probable liabilities on its existing debts as they become absolute and matured. The Company did not receive a qualified opinion from its auditors with respect to its fiscal year ended December 31, 2014 and, to the Company’s knowledge, does not anticipate that its auditors will issue a qualified opinion with respect to its fiscal year ended December 31, 2015.

Section 3.16 *Certain Transactions* . Since January 1, 2015, except for compensation or other employment arrangements in the ordinary course of business, there has been no transaction, or series of similar transactions, agreements, arrangements, relationships, payments or understandings, nor are there any currently proposed transactions, or series of similar transactions, agreements, arrangements, relationships, payments or understandings to which the Company or any of its subsidiaries was or is

to be a party, that would be required to be disclosed under Item 404 of Regulation S-K promulgated under the Securities Act that is not disclosed in the SEC Reports.

Section 3.17 *Absence of Certain Changes.* Since September 30, 2015, there has not been a Company Material Adverse Effect; *provided* that (x) transactions undertaken by the Company in the ordinary course of business consistent with past practice shall not constitute a Company Material Adverse Effect and (y) any fluctuation in the market price of the Common Stock shall not in and of itself constitute a Company Material Adverse Effect.

Section 3.18 *Insurance* . The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its subsidiaries are engaged. Neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Company Material Adverse Effect.

Section 3.19 *Disclosure* . The Company understands and confirms that the Purchasers have entered into this Agreement in reliance upon the representations in this Agreement. All information relating to or concerning the Company or any of its subsidiaries set forth in this Agreement and the SEC Reports is true and correct in all material respects, and the Company has not omitted to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. Since January 1, 2015, no material event or circumstance has occurred or exists, nor is the Company in possession of any material information, with respect to the Company or any of its subsidiaries or its or their business, properties, prospects, operations or financial conditions, which has not been publicly announced or disclosed that was (or is) required to be disclosed or announced under applicable securities laws or NASDAQ Global Select Market rules and regulations.

Section 3.20 *Acknowledgment Regarding Purchaser's Purchase of Securities* . The Company acknowledges and agrees that the Purchasers are acting solely in the capacity of an arm's length Purchaser with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that each of the Purchasers is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and that any statement made by the Purchasers or any of their representatives or agents in connection with this Agreement and the transactions contemplated hereby is not advice or a recommendation and is merely incidental to the Purchasers' purchase of the Securities and has not been relied upon by the Company, its officers or directors in any way. The Company further represents to the Purchasers that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives.

ARTICLE 4
Representations and Warranties of the Purchasers

Each Purchaser hereby represents and warrants, severally and not jointly, to the Company as follows:

Section 4.01 *Organization and Standing* . If such Purchaser is an entity, such Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the corporate or other entity power and authority to own and operate its business as presently conducted, except where the failure to be or have any of the foregoing would not have a material and adverse effect on the legality, validity or enforceability of the Transaction Documents to which it is a party, and Purchaser is duly qualified as a foreign

corporation or other entity to do business and is in good standing in each jurisdiction where the character of its properties owned or held under lease or the nature of their activities makes such qualification necessary, except for such failures to be so qualified or in good standing, individually or in the aggregate, as would not have a material adverse effect on it.

Section 4.02 *Authorization* .

(a) If such Purchaser is an entity, such Purchaser has the requisite corporate or other entity power and authority to execute and deliver Transaction Documents to which it is a party and perform its obligations under the Transaction Documents. The execution and delivery of each such Transaction Document by such Purchaser, the performance by such Purchaser of its obligations thereunder, and all other necessary corporate or other entity action on the part of such Purchaser have been duly authorized by its board of directors or similar governing body, and no other corporate or other entity proceedings on the part of such Purchaser is necessary for such Purchaser to execute and deliver the relevant Transaction Documents and perform its obligations thereunder.

(b) Each of the relevant Transaction Documents has been duly and validly authorized, and when executed and delivered by such Purchaser, shall constitute valid and binding obligations of the Purchaser, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and laws, regulations or policies relating to or promulgated by the SEC.

Section 4.03 *Noncontravention* . The execution and delivery of the Transaction Documents to which such Purchaser is a Party by such Purchaser nor the performance by such Purchaser of its obligations, thereunder will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Purchaser or any of its subsidiaries is a party or by which Purchaser or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the certificate of incorporation, bylaws or similar organizational and governing documents of Purchaser or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the properties or assets of the Purchaser or any of its subsidiaries or any of their properties, except, with respect to clauses (i) and (iii), for such violations, breaches, conflicts, defaults or other occurrences which, individually or in the aggregate, would not have a material adverse effect on its obligation to perform its covenants under the Transaction Documents to which such Purchaser is a party.

Section 4.04 *Accredited Investor* . Each Purchaser is an “accredited investor” within the meaning of Regulation D, Rule 501(a), under the Securities Act. If such Purchaser is an entity, such Purchaser was not formed for the specific purpose of acquiring the Shares, and, if it was, all of such Purchaser’s equity owners are “accredited investors” as defined above.

Section 4.05 *No Government Review* . Each Purchaser understands that neither the SEC nor any securities commission or other governmental authority of any state, country or other

jurisdiction has approved the issuance of the Shares or passed upon or endorsed the merits of this Agreement, the Shares, or any of the other documents relating to the Offering, or confirmed the accuracy of, determined the adequacy of, or reviewed this Agreement, the Shares or such other documents.

Section 4.06 *Investment Experience* . Each Purchaser has such knowledge, sophistication and experience in financial, tax and business matters in general, and investments in securities in particular, that it is capable of evaluating the merits and risks of this investment in the Shares, and such Purchaser has made such investigations in connection herewith as it deemed necessary or desirable so as to make an informed investment decision without relying upon the Company for legal or tax advice related to this investment. In making its decision to acquire the Shares, such Purchaser has not relied upon any information other than information provided to it by the Company or its representatives and contained herein, including the representations and warranties and covenants of the Company contained herein.

Section 4.07 *Investment Intent; Blue Sky* . Each Purchaser is acquiring the Shares and the underlying Conversion Stock for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof, other than the transfer of shares to an affiliated investment fund under common control with Purchaser. It understands that the issuance of the Shares and the underlying Conversion Stock has not been, and will not be, registered under the Securities Act by reason of an exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the Purchaser's investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser's address set forth on Schedule A represents the Purchaser's true and correct state of domicile, upon which the Company may rely for the purpose of complying with applicable "Blue Sky" or similar laws.

Section 4.08 *Rule 144* . Each Purchaser acknowledges that the Shares and the underlying Conversion Stock must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from such registration is available. It is aware of the provisions of Rule 144 (" **Rule 144** ") promulgated under the Securities Act which permit limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions.

Section 4.09 *Restrictions on Transfer; Restrictive Legends* . Each Purchaser understands that the transfer of the Shares and the Conversion Stock is restricted by the Certificate of Designations, the provisions of the Registration Rights Agreement and by applicable state and federal securities laws, and that each certificate, instrument, or book entry representing the Shares and the Conversion Stock will be imprinted with legends restricting transfer except in compliance therewith. The Company need not register a transfer of legended Shares or Conversion Stock, and may also instruct its transfer agent not to register the transfer of the Shares or Conversion Stock and to enforce applicable stop transfer instructions, unless the conditions specified in each of these legends is satisfied.

Section 4.10 *Access to Information* . Each Purchaser acknowledges that it has had access to and has reviewed all documents and records relating to the Company, including, but not

limited to, the SEC Reports, that it has deemed necessary in order to make an informed investment decision with respect to an investment in the Shares; that it has had the opportunity to ask representatives of the Company certain questions and request certain additional information regarding the terms and conditions of such investment and the finances, operations, business and prospects of the Company and has had any and all such questions and requests answered to its satisfaction; and that it understands the risks and other considerations relating to such investment. Such Purchaser understands any statement contained in the SEC Reports shall be deemed to be modified or superseded for the purposes of this Agreement to the extent that a statement contained herein or in any other document subsequently filed with the SEC modifies or supersedes such statement.

Section 4.11 *No General Solicitation* . Each Purchaser is unaware of, and in deciding to participate in the Offering is in no way relying upon, and did not become aware of the Offering through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media, or broadcast over television or radio or the internet, in connection with the Offering.

Section 4.12 *Purchasers' Counsel.* Purchaser acknowledges that it has had the opportunity to review the Transaction Documents, all exhibits and schedules thereto, and the transactions contemplated thereby with its own legal counsel.

Section 4.13 *Tax Liability* . Each Purchaser has reviewed with its own tax advisors the tax consequences of the transactions contemplated by this Agreement. It relies solely on such advisors and not on any statements or representations of the Company or any of the Company's agents regarding such tax consequences. It understands that it, and not the Company, shall be responsible for its own tax liability that may arise as a result of the transactions contemplated by this Agreement.

ARTICLE 5
Covenants

Section 5.01 *Transfer Restrictions; Legends* .

(a) The Shares and the Conversion Stock (collectively, the " **Securities** ") may only be disposed of in compliance with applicable federal and state securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an affiliate of a Purchaser or in connection with a pledge, the Company may require the transferor thereof to provide to the Company an opinion of counsel to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer of the Shares, any such transferee shall agree in writing to be bound by the terms of the Transaction Documents and shall have the rights and obligations of a Purchaser under this Agreement.

(b) The certificates, agreements, instruments, or book entries evidencing the Securities shall have endorsed thereon the legends set forth in the Certificate of Designations (and appropriate notations thereof will be made in the Company's stock transfer books), and stop transfer instructions reflecting these restrictions on transfer will be placed with the transfer agent of the Shares.

Section 5.02 *Confidentiality; MNPI* .

(a) Each of the Purchasers acknowledges and agrees that: (i) certain of the information contained herein is of a confidential nature and may be regarded as material non-public information (" **MNPI** ") under Regulation FD of the Securities Act; (ii) except as provided in ýSection 5.03, this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby will be kept confidential by such Purchaser and will not be used for any purpose other than for the purposes of entering into and consummating the transactions contemplated under the Transaction Documents; (iii) except as provided in ýSection 5.03, until the time the information contained herein has been adequately disseminated to the public, the existence of this Agreement and the information contained herein shall not, without the prior written consent of the Company, be disclosed by any Purchaser to any person or entity, other than its employees, officers, directors, consultants financial and legal advisors and other representations (collectively, " **Representatives** ") for the sole purpose of evaluating the entering into and the consummation of the transactions contemplated under the Transaction Documents, and such Purchaser will not, directly or indirectly, disclose or permit its Representatives to disclose, any of such information without the prior written consent of the Company; (iv) such Purchaser shall make its Representatives aware of the terms of this ýSection 5.02 and be responsible for any breach of this Agreement by such Representatives; and (v) such Purchaser shall not, without the prior written consent of the Company, directly or indirectly, make any statements, public announcements or release to trade publications or the press with respect to the contents or subject matter of this Agreement.

(b) Any party may disclose, or permit the disclosure of, information which would otherwise be confidential if and to the extent (i) required by law or any securities exchange, regulatory or governmental body; (ii) disclosed to its respective affiliates and its and their respective directors, officers, employees, shareholders, finance providers and their respective professional advisers or officers on a need-to-know basis (but it shall remain responsible for the compliance with this ýSection 5.02 by any such person); or (iii) it comes into the public domain other than as a result of a breach by any party hereto.

(c) Each Purchaser acknowledges that certain information concerning the matters that are the subject matter of this Agreement may constitute MNPI under U.S. federal securities laws, and that U.S. federal securities laws prohibit any person who has received MNPI relating to the Company from purchasing or selling securities of the Company, or from communicating such information to any person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities of the Company. Accordingly, until such time as any such non-public information has been adequately disseminated to the public, each Purchaser

shall not purchase or sell any securities of the Company, or communicate such information to any other person save as provided in ýSection 5.03.

(d) Each Purchaser shall not, and shall cause its affiliates not to, engage, directly or indirectly, in any transactions in the securities of the Company (including, without limitation, any Short Sales (as such term is defined in Rule 200 promulgated under Regulation SHO under the Exchange Act)) during the period from the date hereof until such time as (i) the transactions contemplated by this Agreement are first publicly announced or (ii) this Agreement is terminated.

Section 5.03 *Securities Law Disclosure; Publicity* . On or prior to the fourth (4th) business day following the Initial Closing Date, the Company will file a Current Report on Form 8-K with the SEC describing the terms of the Transaction Documents. The Company may also in its sole discretion issue a press release describing the material terms of the transactions contemplated thereby. Each Purchaser shall not, and shall cause its affiliates not to, issue any press release or make any such public statement with respect to this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby without the prior written consent of the Company.

Section 5.04 *Rule 144 Opinion / Legend* . For the purposes of Rule 144, the Company will instruct its counsel to advise it as to the availability of "tacking" such that the holding period of the Shares may be tacked onto the holding period of the Conversion Stock. Following the requisite holding period and satisfaction of other applicable requirements under Rule 144, within three (3) business days of a Purchaser's written request that includes customary documentation, the Company shall facilitate the issuance by its legal counsel of a customary Rule 144 legal letter or opinion, facilitating the removal of any Rule 144 restrictive legend from the applicable Shares or Conversion Stock.

ARTICLE 6
Conditions to Closing

Section 6.01 *Conditions to Obligations of the Company and the Purchasers* . The obligations of the Company and each Purchaser acquiring Shares at the applicable Closing to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the applicable Closing of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced or entered any order, writ, judgment, injunction, decree, stipulation, determination or award which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof;

(b) The Company shall have received all consents, authorizations, orders and approvals from all third parties and governmental authorities necessary to consummate the transactions contemplated hereby and no such consent, authorization, order and approval shall have been revoked;

(c) No action or proceeding by or before any court or other governmental body shall have been instituted or threatened by any governmental authority or person whatsoever which shall seek to restrain, prohibit or invalidate the transactions contemplated by this Agreement;

(d) The Company and each Purchaser shall have executed and delivered the Registration Rights Agreement;

(e) The Company and each Purchaser shall have executed and delivered a Standstill Agreement; and

(f) the Certificate of Designations shall have been filed with the Delaware Secretary of State.

In addition, the obligations of the Company and each Purchaser acquiring Shares at the Initial Closing to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Initial Closing of each of Glenhill Capital Overseas Master Fund LP, Glenhill Long Fund LP and the Glenn J. Krevlin Revocable Trust paying the purchase price for their Shares in immediately available funds at or before the Initial Closing.

Section 6.02 *Conditions to Obligations of the Purchasers* . The obligations of each Purchaser to consummate the transactions contemplated by the Transaction Documents shall be subject to the fulfillment at or prior to the applicable Closing of each of the following conditions:

(a) *Representations and Warranties Correct* . The representations and warranties made by the Company in this Agreement shall be true and correct on and as of the applicable Closing Date with the same effect as though such representations and warranties had been made on and as of the date of such Closing;

(b) *Covenants* . All covenants, agreements and conditions contained in this Agreement to be performed or complied with by the Company on or prior to the applicable Closing Date shall have been performed or complied with in all material respects; and

(c) *Opinion of Counsel* . The Purchasers shall have received a customary legal opinion, dated as of the applicable Closing Date, from counsel for the Company.

Section 6.03 *Conditions to Obligations of the Company* . The Company's obligation to consummate the transactions contemplated by the Transaction Documents, unless waived in writing by the Company, is subject to the fulfillment as of the applicable Closing Date of the following conditions:

(a) *Representations and Warranties Correct* . The representations and warranties made by the Purchasers acquiring Shares at the applicable Closing contained in this Agreement shall be true and correct on and as of the applicable Closing Date with the same effect as though such representations and warranties had been made on and as of the date of such Closing; and

(b) *Covenants* . All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Purchasers acquiring Shares at the applicable Closing on or prior to such Closing Date shall have been performed or complied with in all material respects.

ARTICLE 7
INDEMNIFICATION

Section 7.01 *Survival of Representations and Warranties* . The representations and warranties of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and each of the Closings and shall thereupon terminate on the day that is 12 months after the Initial Closing Date. All covenants and agreements contained herein which by their terms contemplate actions following the Closings shall survive the Closings and remain in full force and effect in accordance with their terms. All other covenants and agreements contained herein shall not survive the Closing and shall thereupon terminate.

Section 7.02 *Indemnification* . The Company agrees to indemnify and hold harmless each Purchaser, its partners, affiliates, officers, directors, employees, and duly authorized agents, and each person or entity, if any, who controls the Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (a **"Control Person"**), from and against any loss, claim, damage, liability, together with reasonable and documented out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements and costs and expenses of expert witnesses and investigation), and any action in respect thereof to which such Purchaser and its Control Persons (collectively, the " **Indemnified Parties** ") becomes subject to, resulting from, arising out of or relating to any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents, except to the extent that any such loss, claim, damage, liability, cost or expense is attributable to the willful misconduct or fraud of such Indemnified Party.

ARTICLE 8
Miscellaneous

Section 8.01 Entire Agreement; Amendment; Assignment. The Certificate of Designations and the Transaction Documents, including the exhibits hereto and thereto, constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. Any prior agreements, understandings or representations with respect to the subject matter hereof are superseded by this Agreement and shall have no further force or effect. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by both the Company and the Purchasers of a majority of the Shares. The provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

Section 8.02 *Notices.* All notices and other communications required or permitted hereunder shall be in writing and shall be sent by e-mail, by registered or certified mail, postage prepaid, or otherwise delivered by facsimile transmission, by hand or by messenger, addressed:

(a) if to a Purchaser, to such Purchaser at the address listed on Schedule A ;

(b) if to the Company, to:

Solazyme, Inc.

225 Gateway Boulevard

South San Francisco, CA 94080

Attention: General Counsel

E-mail:

with a copy to:

Davis Polk & Wardwell LLP

1600 El Camino Real

Menlo Park, CA 94025

E-mail:

All such notices, requests and other communications hereunder shall be deemed duly given on the date of receipt by the recipient thereof if received before 5:00 p.m. local time on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding business day in the place of receipt.

Section 8.03 *Governing Law* . This Agreement shall be governed in all respects by the internal laws of the State of Delaware without regard to conflict of law rules of such state.

Section 8.04 *Jurisdiction* . The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party

agrees that service of process on such party as provided in ýSection 8.02 shall be deemed effective service of process on such party.

Section 8.05 WAIVER OF JURY TRIAL . EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.06 *Delays or Omissions* . Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of another party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

Section 8.07 *Finder's Fees* . Except as set forth in ýSection 8.07 of the Schedule of Exceptions, each party represents that it neither is, nor will be, obligated for any finders' fee or commission in connection with this transaction. The Purchasers agree to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Purchasers or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless the Purchasers from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

Section 8.08 Expenses. The Company and the Purchasers shall bear their own expenses incurred with respect to this Agreement and the transactions contemplated hereby, except that following the successful completion of the last Closing, (x) the Company will pay the reasonable, documented legal fees and expenses (but in no event more than $50,000) of Purrington Moody Weil LLP and (y) the Company will pay the reasonable, documented legal fees and expenses (but in no event more than $50,000 in the aggregate (the " **Fee Cap** ")) of outside legal counsel (other than Purrington Moody Weil LLP) to any other Purchaser that provides written notice to the Company of such legal fees and expenses no later than 20 business days (the " **Deadline** ") following the last Closing; *provided* that if the total amount of legal fees claimed hereunder exceeds the Fee Cap, each Purchaser requesting payment of legal fees hereunder shall only be entitled to a *pro rata* share of the Fee Cap allocated on the basis of the purchase price paid for the Shares by each such Purchaser.

Section 8.09 *Counterparts* . This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one instrument.

Section 8.10 *Severability* . In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision, which shall be replaced with an enforceable provision closest in intent and economic effect as the severed provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

Section 8.11 *Titles and Subtitles* . The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement

Section 8.12 *Schedule of Exceptions* .

(a) The Schedule of Exceptions shall be arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the disclosures in any section or subsection of the Schedule of Exceptions shall qualify other sections and subsections in this Agreement only to the extent it is readily apparent from a reading of the disclosure that such disclosure is applicable to such other sections and subsections.

(b) All references to the knowledge or judgment of the Company or its officers in this Agreement shall mean the actual knowledge or judgment of the individuals listed on Section 8.12 of the Schedule of Exceptions.

[*Remainder of this page intentionally left blank*]

SOLAZYME, INC.

By:/s/ Jonathan S. Wolfson
Name: Jonathan S. Wolfson

Title: Chief Executive Officer

Acre Venture Partners, L.P.

By: /s/ Gareth Asten

Name: Gareth Asten

Title: Managing Partner

Artis Ventures II, LP

By: /s/ Robert Riemer

Name: Robert Riemer

Title: Chief Operating Officer of the General Partner, Artis Ventures Management II, L.P.

BM Partners

By: /s/ Phil Belling

Name: Phil Belling

Title: Parter

Glenhill Capital Advisors, LLC

As Investment Manager for and on behalf of:

Glenhill Capital Overseas Master Fund LP

Glenhill Long Fund LP

By: /s/ Glenn J. Krevlin

Name:Glenn J. Krevlin

Title:President and Chief Executive Officer

Glenn J. Krevlin, Trustee of the Glenn J. Krevlin Revocable Trust dated July 25, 2007

By: /s/ Glenn J. Krevlin

Name: Glenn J. Krevlin

Title: Trustee

Lyra Growth Partners, Inc.

By: /s/ Charles Chang

Name: Charles Chang

Title: President & Founder

Power Plant Ventures, L.P

By: /s/ Mark Rampolla

Name: Mark Rampolla

Title: Partner

Simon Algae Investors, LLC

By: /s/ Stephen H Simon

Name: Stephen H Simon

Title: Manager

VMG Partners III, L.P.

By: VMG Partners III GP, L.P.

Its: General Partner

By: VMG Partners III GP, LLC

Its: General Partner

By: /s/ Michael L. Mauze

Name: Michael L. Mauze

Title: Managing Director

By: /s/ Kara M. Roell

Name: Kara M. Roell

Title: Managing Director

Individuals

By: /s/ Alexander Bernstein
Name: Alexander Bernstein

By: /s/ Jack Davis
Name: Jack Davis

By: /s/ Gary Friedman
Name: Gary Friedman

By: /s/ Jeffrey Tarrant
Name: Jeffrey Tarrant

Jane Tranen Leyrer UTMA
/s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Remy Tranen Leyrer UTMA
/s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Quinn Tranen Leyrer UTMA
By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

AMENDMENT NO. 1
TO Series A Convertible Preferred
Stock Purchase Agreement

March 14, 2016

This Amendment No. 1 (this " **Amendment** ") to that certain Series A Convertible Preferred Stock Purchase Agreement, dated March 10, 2016 (the " **Agreement** "), by and among Solazyme, Inc., a Delaware corporation (the " **Company** "), and each of those persons and entities whose names are set forth on Schedule A to the SPA (collectively, the " **Purchasers** ," and, together with the Company, the " **Parties** "), is entered into as of the date first written above. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

RECITALS

WHEREAS, the Parties desire to amend the Agreement and the form of Certificate of Designations, which is attached as Exhibit A to the Agreement, before filing the Certificate of Designations with the Secretary State of Delaware, to provide that the right of the holders of shares of Series A Preferred Stock to nominate a member of the Company's Board of Directors to be included in the Company's slate for future stockholder meetings shall require that the outstanding shares of Series A Preferred Stock represent greater than 5.00% of the Company's Total Voting Power (as defined in the Certificate of Designations);

NOW, THEREFORE, pursuant to Section 8.01 of the Agreement and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. *Amendment.*

Section 7(d) of the Certificate of Designations is amended in its entirety to read as follows:

> "(d) For so long as the outstanding shares of Series A Preferred Stock represent at least 5.00% in the aggregate of the Total Voting Power, the holders of shares of Series A Preferred Stock, by the vote or written consent of the holders of a majority in voting power of the outstanding shares of the Series A Preferred Stock (which calculation, for the avoidance of doubt, shall exclude any shares held in treasury by the Corporation or any of its subsidiaries), shall have the right to designate one (1) member to the Board to be included in management's slate of directors in future stockholder meetings; *provided* that such individual is reasonably acceptable to the Board then constituted."

Section 2. *Effect of Amendment.* Except as amended and set forth above, the Agreement shall continue in full force and effect.

Section 3. *Counterparts.* This Amendment may be executed in any number of counterparts, each of which will be deemed an original, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF , the undersigned have executed this Amendment No. 1 to the Series A Convertible Preferred Stock Purchase Agreement.

Date: 3/14/16

SOLAZYME, INC.

By: /s/ Jonathan Wolfson
Name: Jonathan Wolfson
Title: Chief Executive Officer

IN WITNESS WHEREOF , the undersigned have executed this Amendment No. 1 to the Series A Convertible Preferred Stock Purchase Agreement.

Date: March 15, 2016

Acre Venture Partners, L.P.

By: /s/ Gareth Asten

Name: Gareth Asten

Title: Managing Partner

Artis Ventures II, LP

By: /s/ Robert Riemer

Name: Robert Riemer

Title: Chief Operating Officer of the General Partner,
Artis Ventures Management II, L.P.

BM Partners

By: /s/ Phil Belling

Name: Phil Belling

Title: Partner

Date: March 14, 2016

Glenhill Capital Advisors, LLC

As Investment Manager for and on behalf of:

Glenhill Capital Overseas Master Fund LP

Glenhill Long Fund LP

By: /s/ Glenn J. Krevlin

Name: Glenn J. Krevlin

Title: President and Chief Executive Officer

Glenn J. Krevlin, Trustee of the Glenn J. Krevlin Revocable Trust dated July 25, 2007

By: /s/ Glenn J. Krevlin
Name: Glenn J. Krevlin
Title: Trustee

Simon Algae Investors, LLC

By: /s/ Stephen H. Simon
Name: Stephen H. Simon
Title: Manager

Individuals

By: Alexander Bernstein
Name: Alexander Bernstein

Jack Davis
By:
Name: Jack Davis

Jane Tranen Leyrer UTMA

By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Remy Tranen Leyrer UTMA

By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Powerplant Ventures, L.P.

By: /s/ Mark Rampolla
Name: Mark Rampolla
Title: Partner

VMG Partners III, L.P.

By: VMG Partners III GP, L.P., its general partner

By: VMG Partners III GP, LLC, its general partner

By: /s/ Michael L. Mauze
Name: Michael L. Mauze
Title: Managing Director

By: /s/ Kara M. Roell
Name: Kara M. Roell
Title: Managing Director

VMG Partners Mentors Circle III, L.P.

By: VMG Partners III GP, L.P., its general partner

By: VMG Partners III GP, LLC, its general partner

By: /s/ Michael L. Mauze
Name: Michael L. Mauze
Title: Managing Director

By: /s/ Kara M. Roell
Name: Kara M. Roell
Title: Managing Director

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this " **Agreement** ") is made as of the date set forth on the Company signature page hereto, among Solazyme, Inc., a Delaware corporation (the " **Company** "), and each signatory hereto (each, a " **Purchaser** " and collectively, the " **Purchasers** ").

R E C I T A L S

WHEREAS, the Company and the Purchasers are parties to a Series A Preferred Stock Purchase Agreement (the " **SPA** "), dated March 10, 2016 (the " **Purchase Date** "), as such may be amended and supplemented from time to time;

WHEREAS, the SPA contemplates the Company and the Purchasers entering into an agreement pursuant to which the Company agrees to grant to the Purchasers certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the " **Securities Act** "); and

WHEREAS, the Purchasers and the Company desire to provide for the rights of registration under the Securities Act as are provided herein upon the execution and delivery of this Agreement by such Purchasers and the Company.

NOW, THEREFORE, in consideration of the promises, covenants and conditions set forth herein, the parties hereto hereby agree as follows:

1. Registration Rights .

1.1 *Definitions* . As used in this Agreement, the following terms shall have the meanings set forth below:

(a) " **Affiliate** " means any person or entity who or which, directly or indirectly, controls, is controlled by, or is under common control with the relevant stockholder, including, without limitation, any general partner, managing partner, officer or director of such stockholder or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such stockholder.

(b) " **Certificate of Designations** " means the Certificate of Designations of Preferences, Rights and Limitations of the Series A Convertible Preferred Stock.

(c) " **Certificate of Incorporation** " means Amended and Restated Certificate of Incorporation.

(d) " **Commission** " means the United States Securities and Exchange Commission.

(e) " **Common Stock** " means the Company's common stock, par value $0.001 per share.

(f) " **Exchange Act** " means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(g) " **Person** " means any corporation, limited liability company, partnership, trust, organization, association, other entity or individual.

(h) " **Purchaser** " means any person owning Shares who becomes party to this Agreement by executing a counterpart signature page hereto, or other agreement in writing to be bound by the terms hereof, which is accepted by the Company.

(i) The terms " **register** ," " **registered** " and " **registration** " refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(j) " **Registrable Securities** " means any shares of Common Stock issuable upon conversion of the Shares; *provided* , *however* , that Registrable Securities shall not include any securities of the Company that have previously been registered and remain subject to a currently effective registration statement or that have been sold to the public either pursuant to a registration statement or Rule 144, or that have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned, or that may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144.

(k) " **Rule 144** " means Rule 144 as promulgated by the Commission under the Securities Act, as such Rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(l) " **Scheduled Closed Window** " means the scheduled trading blackouts specified in the Company's insider trading policy during which Company personnel may not trade in the Company's securities for the period from and after the sixteenth (16th) day of the last month of each calendar quarter through but excluding the second (2nd) trading day after the Company issues its press release announcing quarterly financial results of that calendar quarter. Any change to the Company's insider trading policy that would change the Scheduled Closed Windows under this Agreement shall be notified to the Purchasers in writing reasonably promptly thereafter.

(m) " **Series A Preferred Stock** " shall mean the Series A Convertible Preferred Stock of the Company, par value $0.001 per share.

(n) " **Shares** " means the shares of Series A Preferred Stock held by a Purchaser.

(o) " **Voting Securities** " means all securities of the Company entitled, in the ordinary course, to vote in the election of directors of the Company.

(p) " **Window Closure** " means a Scheduled Closed Window or a Suspension Period.

1.2 *Company Registration* .

(a) If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a written request from Purchasers with holdings of Shares in the aggregate of at least 30% of the Series A Preferred Stock then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities, the Company shall give written notice of the proposed registration to all other Purchasers and prepare and file with the Commission a registration statement covering such Registrable Securities as soon as reasonably practicable. At the Company's election, such Form S-3 may be a shelf registration statement for as long as the Company maintains eligibility to use Form S-3. The Company shall use its commercially reasonable efforts to cause the registration statement to be declared

effective under the Securities Act as soon as possible. Notwithstanding anything to the contrary in the foregoing, the Company shall not be required to effect a registration if the Company has previously filed and the Commission had declared effective three (3) registration statements pursuant to this Section ý1.2.

(b) The Company shall bear and pay all expenses incurred by the Company in connection with the registration, filing or qualification of Registrable Securities pursuant to this Section ý1.2, Section ý1.3 and Section ý1.9, including (without limitation) all registration, filing and qualification fees, printer's fees, accounting fees and fees and disbursements of counsel for the Company, but excluding any brokerage or underwriting fees, discounts and commissions relating to Registrable Securities and fees and disbursements of counsel for the Purchasers.

1.3 *Obligations of the Company* . Whenever required under Section1.2 to effect the registration of any Registrable Securities, the Company shall use its commercially reasonable efforts to:

(a) prepare and file with the Commission a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective;

(b) keep such registration statement continuously effective under the Securities Act until all Registrable Securities covered by such registration statement have been sold, or may be sold without the requirement to be in compliance with Rule 144(c)(1) and otherwise without restriction or limitation pursuant to Rule 144, as determined by the counsel to the Company (the " **Effectiveness Period** "), including preparing and filing with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement; *provided* , notwithstanding anything in this Agreement to the contrary, the Company's obligation to keep such registration statement effective and all of its other obligations pursuant to this Section ý1.3 shall not apply during any Window Closure;

(c) furnish to the Purchasers such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them (*provided* that the Company would not be required to print such prospectuses if readily available to Purchasers from any electronic service, such as on the EDGAR filing database maintained at www.sec.gov);

(d) register and qualify the securities covered by such registration statement under such other securities' or blue sky laws of such jurisdictions as shall be reasonably requested by the Purchasers; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form,

with the managing underwriter(s) of such offering (each Purchaser participating in such underwriting shall also enter into and perform its obligations under such an agreement);

(f) promptly notify each Purchaser holding Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act either because of (i) the effectiveness of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(g) cause all such Registrable Securities registered pursuant hereto to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed; and

(h) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

1.4 *Shelf Resales* . If at any time during the Effectiveness Period, a Purchaser desires to sell all or any portion of its Registrable Securities under an effective shelf registration statement (a " **Shelf Resale** "), such Purchaser shall notify the Company of such intent and of the proposed date of the Shelf Resale at least two business days before such proposed sale (a " **Sale Notice** "). No Shelf Resale shall be permitted during any Window Closure and no notice of such Shelf Resale shall be effective that would result in a Shelf Resale during any Scheduled Closed Window. Subject to the foregoing, if the Company does not deliver a Suspension Notice to such Purchaser pursuant to Section 1.10 before the proposed date of the Shelf Resale, such Sale Notice shall be effective for one week beginning on the proposed date of the Shelf Resale; *provided* that Purchaser's receipt of a Suspension Notice from the Company shall immediately terminate the effectiveness of such Sale Notice.

1.5 *Furnish Information* . It shall be a condition precedent to the Company's obligations to take any action pursuant to Sections 1.2 and 1.3 with respect to the Registrable Securities of any selling Purchaser that such Purchaser shall furnish to the Company such information regarding such Purchaser, the Registrable Securities held by such Purchaser, and the intended method of disposition of such securities in the form attached to this Agreement as Annex A , or as otherwise reasonably required by the Company or the managing underwriters, if any, to effect the registration of such Purchaser's Registrable Securities.

1.6 *Delay of Registration* . No Purchaser shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Agreement.

1.7 Indemnification .

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Purchaser, any underwriter (as defined in the Securities Act) for such Purchaser and each person, if any, who controls such Purchaser or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject under the Securities Act, the Exchange Act or other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in a registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto (collectively, the " **Filings** "); (ii) the omission or alleged omission to state in the Filings a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities (the matters in the foregoing clauses (i) through (iii) being, collectively, " **Violations** "). The Company will pay any documented out-of-pocket legal or other expenses reasonably incurred by any person to be indemnified pursuant to this Section 1.7(a) in connection with investigating or defending any such loss, claim, damage, liability or action promptly as such expenses are due and payable upon receipt by the Company of statements therefor together with appropriate documentation in respect thereof; *provided* , *however* , that the indemnity agreement contained in this Section 1.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon written information furnished expressly for use in connection with such registration by any such Purchaser, underwriter or controlling person.

(b) In connection with any registration in which a Purchaser is participating, to the extent permitted by law, each such Purchaser, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any underwriter, any other Purchaser selling securities in such registration statement and any controlling person of any such underwriter or other Purchaser, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject under the Securities Act, the Exchange Act or other federal or state securities law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violations of such Purchaser, in each case to the extent (and only to the extent) the such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Purchaser expressly for use in connection with such registration; and each such Purchaser will pay any documented out-of-pocket legal or other expenses reasonably incurred by any person to be indemnified pursuant to this Section 1.7(b) in connection with investigating or defending any such loss, claim, damage, liability or action promptly as such expenses are due and payable upon receipt

by such Purchaser of statements therefor together with appropriate documentation in respect thereof; *provided* , *however* , that the indemnity agreement contained in this Section 1.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such Purchaser (which consent shall not be unreasonably withheld); *provided* , *however* , that any indemnity under this subsection 1.7(b) shall not exceed the net proceeds received by such Purchaser upon the sale of the Registrable Securities giving rise to such indemnification obligation, except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.7 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section ý1.7, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided* , *however* , that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the indemnified party under this Section 1.7, except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action. The omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section1.7.

(d) If the indemnification provided for in Sections1.7(a) and (b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, claim, damage or expense referred to herein, then the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 1.7(a) or 1.7(b), as the case may be, to the fullest extent permitted by law; *provided* , *however* , that (i) no contribution shall be made under circumstances where the indemnifying party would not have been liable for indemnification under the fault standards set forth in Sections 1.7(a) and 1.7(b), as applicable, (ii) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (iii) contribution (together with any indemnification or other obligations under this Agreement) by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities. An Indemnified Party may not enter into any settlement with respect to any loss, claim, damage, liability or action without the prior written consent of

the indemnifying party; *provided* , *however* , that such consent may not be unreasonably withheld, conditioned or delayed.

(e) The obligations of the Company and Purchasers under this Section 1.7 shall survive the completion of any offering of Registrable Securities pursuant to this Agreement.

1.8 Transfer or Assignment of Registration Rights . All or any portion of the rights under this Agreement shall be automatically assignable (but only with all related obligations) by each Purchaser to any transferee or assignee (as the case may be) of all or a portion of such Purchaser's Registrable Securities if: (i) such Purchaser agrees in writing with such transferee or assignee (as the case may be) to assign all or any portion of such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of (a) the name and address of such transferee or assignee (as the case may be), and (b) the securities with respect to which such registration rights are being transferred or assigned (as the case may be); (iii) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the Securities Act or applicable state securities laws if so required; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence such transferee or assignee (as the case may be) agrees in writing with the Company to be bound by all of the provisions contained herein; (v) such transfer or assignment (as the case may be) shall have been made in accordance with the applicable requirements of the Certificate of Designations and the SPA; and (vi) such transfer or assignment (as the case may be) shall have been conducted in accordance with all applicable federal and state securities laws.

1.9 Piggyback .

(a) For so long as [a number that represents 51% of the Series A Preferred] shares of Series A Preferred Stock remain outstanding (as adjusted for any recapitalizations, stock combinations, stock dividends, stock splits and the like of such shares), if the Company shall determine to register any of its equity securities pursuant to an offering with a secondary component, other than (i) a registration relating solely to employee benefit plans, (ii) a registration relating solely to a Rule 145 transaction, (iii) a registration on Form S-4 relating to shares to be issued in a merger or similar transaction approved by the Board of Directors of the Company, (iv) a registration in which the only equity security being registered is Common Stock issuable upon conversion of convertible debt or preferred securities which are also being registered, or (v) pursuant to this Agreement, the Company will afford each Purchaser an opportunity to include all or part of such Purchaser's Registrable Securities in such registration statement; *provided* that the Company shall in its sole discretion designate all terms and conditions of such offering including the participation of any and all underwriters. The Company shall notify the Purchasers a reasonable time before filing the registration statement and provide a deadline for each Purchaser to respond, which deadline shall be no less than five (5) business days after the effective date of such notice. A Purchaser's written notice to

include Registrable Securities in the registration statement shall state the intended method of disposition of the Registrable Securities by such Purchaser. If a Purchaser decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Purchaser shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement as may be filed by the Company under this Section ý1.9 on the terms and conditions set forth herein.

(b) *Underwriting* . All Purchasers proposing to distribute their securities through an underwritten offering pursuant to this Agreement shall (together with the Company and the other Purchasers distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company. Notwithstanding any other provision of this Section ý1.9, if the managing underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may limit or exclude the Registrable Securities to be included in such registration; *provided* that the securities to be included will be allocated according to the following priority:

(i) first, the securities that the Company proposes to sell, if any;

(ii) second, the securities to be included with registration rights that by their terms rank senior to the Series A Preferred Stock, if any;

(iii) third, the Registrable Securities held by (A) the Purchasers and (B) any other security holders who are participating in such registration with registration rights on parity to the Purchasers, allocated *pro rata* among the respective holders thereof on the basis of the number of shares of Common Stock owned by each such holder (on a fully diluted and as converted basis); and

(iv) fourth, the securities requested to be included therein by all other holders of the Company's capital stock, allocated among such holders in such manner as they agree.

The Company shall so advise all Purchasers requesting to include Registrable Securities in the registration and underwriting and the number of shares of Registrable Securities that may be included in the registration, and underwriting shall be, subject to the preceding paragraph, allocated among all the Purchasers requesting to be included in the registration and underwriting in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by them at the time of filing the registration statement. No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Purchaser to the nearest 100 shares. If any Purchaser disapproves of the terms of any such underwriting, such person may elect to withdraw therefrom by written notice to the Company and the Company shall offer to all Purchasers who have retained rights to include securities in the registration the right to include additional securities in the registration in the aggregate amount equal to the number of shares so withdrawn, with such shares to be allocated among such Purchasers in accordance with this Section 1.9(b).

(c) *Right to Terminate Registration* . The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.9 prior to the effectiveness of such registration whether or not any Purchaser has elected to include securities in such registration.

1.10 Suspension Period.

(a) Upon notice to each Purchaser requesting registration pursuant to this Agreement (a " **Suspension Notice** "), the Company may (x) postpone effecting a registration or (y) suspend an existing registration, in either case on one or more occasions but not for a period exceeding 120 calendar days (a " **Suspension Period** ") in the aggregate during any period of 365 consecutive calendar days, if (i) an investment banking firm of recognized national standing shall advise the Company and such Purchasers in writing that effecting the registration would materially and adversely affect an offering of securities of such Company the preparation of which had then been commenced or (ii) the Company is in possession of material non-public information the disclosure of which during the period specified in such notice the Company reasonably believes would not be in the best interests of the Company.

(b) In the event the Company has determined that a Suspension Period is in effect, upon receipt by the Company of any request to effect a registration during such Suspension Period, the Company shall promptly deliver to each Purchaser a Suspension Notice.

(c) In the event the Company has delivered a Suspension Notice in relation to an existing registration, each Purchaser shall suspend use of the Registration Statement and related prospectus and will not recommence until (i) such Purchaser's receipt from the Company of copies of the supplemented or amended prospectus, or (ii) such Purchaser is advised in writing by the Company that the prospectus may be used. The Company will use its commercially reasonable efforts to ensure that the use of the Registration Statement and prospectus may be resumed as soon as practicable and, in the case of a pending development or event referred to in Section ý1.10(a)(ii) above, as soon, in the reasonable judgment of the Company, as disclosure of the material information relating to such pending development is in the best interest of the Company. Upon receipt, each Purchaser shall keep the fact of any Suspension Notice strictly confidential, and during any Suspension Period promptly halt any offer, sale, purchase, trading or transfer by it or by its sales or placement agents of any Registrable Securities pursuant to the Registration Statement or otherwise for the duration of the Suspension Period set forth in the Suspension Notice (or until such Suspension Period shall be earlier terminated in writing by the Company) and promptly halt any use, publication, dissemination or distribution of any prospectus or prospectus supplement covering any Registrable Securities for the duration of the Suspension Period and, if so directed by the Company, shall deliver to the Company any copies then in its possession of any such prospectus or prospectus supplement.

1.11 Rule 144 . For so long as there are any Registrable Securities, the Company will use commercially reasonable efforts to ensure that it satisfies the "current public information" requirement of Rule 144(c).

1.12 Side Letters . Prior to the 30th day following the date on which the Company or any of its subsidiaries, on the one hand, enters into any side letter or similar agreement (each, a " **Side Letter** ") with any Purchaser (the " **Side Party** ") that contains rights or benefits related to the Side Party's investment in the Shares that are more favorable to the Side Party than those granted to any other Purchaser in the SPA, the Certificate of Designations, this Agreement, the Standstill Agreements (as defined in the SPA) or any other organizational document of the Company that contains the rights, privileges and preferences given to or for the benefit of any holder of the Shares in their capacity as such, the Company shall provide written notice to all of the other Purchasers of such rights or benefits (together with copies of such Side Letter) and such other Purchasers shall promptly be given the opportunity to obtain all of such rights and benefits. Notwithstanding anything to the contrary, however, a Purchaser shall not be entitled to the benefit of any provisions which are included in any such Side Letter solely because of a requirement of any law, statute, rule or regulation to which the Side Party is subject and such Purchaser is not.

1.3 Termination Of Registration Rights. The registration rights granted herein shall terminate on the fifth anniversary of the Purchase Date, or at such earlier time as the applicable Purchaser is entitled to sell all of its Registrable Securities pursuant to Rule 144 without restriction.

2. Drag-Along Rights .

2.1 *Drag-Along* . Subject to Section 2.2, in the event that the holders of at least a majority of the Common Stock (collectively, the " **Electing Holders** "), including any Shares voting on an as-converted to Common Stock basis, approve a Change of Control (as defined in the Certificate of Designations) and specify that this Section 2 shall apply to such transaction, each Purchaser shall:

(a) if such transaction requires stockholder approval, with respect to all shares of Series A Preferred Stock and any other Voting Securities that such holder owns or over which such holder otherwise exercises voting power (the " **Drag Shares** "), vote (in person, by proxy or by action by written consent, as applicable) all such Drag Shares in favor of, and adopt, such Change of Control (together with any related amendment to the Certificate of Incorporation, this Certificate of Designations, the Company's bylaws or other governing and organization documents of the Company required in order to implement such Change of Control) and to vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate such Change of Control;

(b) if such Change of Control is a Stock Sale (as defined in the Certificate of Designations), sell the same proportion of Drag Shares as is being sold by

the Electing Holders in the aggregate (A) to the Person to whom the Electing Holders propose to sell their shares of the Corporation's capital stock and (B) on the same terms and conditions as the Electing Holders; *provided* that each Purchaser shall be entitled to such Purchaser's Liquidation Preference (as defined in the Certificate of Designations) in accordance with the terms thereof;

(c) not deposit, and to cause their Affiliates not to deposit, except as provided in this Agreement, any Drag Shares owned by such party or Affiliate in a voting trust or subject any Drag Shares to any arrangement or agreement with respect to the voting of such Drag Shares, unless specifically requested to do so by the acquiror in connection with the Change of Control; and

(d) refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Change of Control.

2.2 *Exceptions* . Notwithstanding the foregoing, a Purchaser will not be required to comply with Section ý 2.1 in connection with any Change of Control unless such Purchaser is entitled to receive the Liquidation Preference applicable to such Purchaser's Shares in accordance with the Certificate of Designations.

3. Miscellaneous .

3.1 *Governing Law* . This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the conflicts of law rules of such state.

3.2 *Jurisdiction* . The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 3.8 shall be deemed effective service of process on such party.

3.3 *WAIVER OF JURY TRIAL* . EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

3.4 *Injunctive Relief; Specific Performance.* Each of the Company and the Purchasers agree that any breach by it of any provision of this Agreement would irreparably injure the other parties hereto and that money damages would be an inadequate remedy therefor. Accordingly, each of the Company and the Purchasers agrees that the other parties hereto shall be entitled to seek one or more injunctions enjoining any such breach and requiring specific performance of this Agreement, in addition to any other remedy to which such party is entitled at law or in equity.

3.5 *Amendments; No Waivers.* Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed by the Company and Purchasers holding at least a majority of then outstanding Series A Preferred Stock, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

3.6 *Successors and Assigns* . Except as otherwise expressly provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

3.7 *Entire Agreement* . This Agreement, the SPA, the Certificate of Designations, and those certain Standstill Agreements by and among the Company and each Purchaser constitute the full and entire understanding and agreement among the parties with regard to the subject matter hereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein.

3.8 *Notices* . All notices, requests and other communications to either party hereunder shall be in writing (including e-mail, facsimile or similar writing) and shall be given,

if to Purchaser, to such Purchaser at the address listed on the signature page hereto

if to the Company, to:

Solazyme, Inc.

225 Gateway Boulevard

South San Francisco, CA 94080

Attention: General Counsel

E-mail:

with a copy to:

Davis Polk & Wardwell LLP

1600 El Camino Real

Menlo Park, CA 94025

E-mail:

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section 2.6.

3.9 *Interpretation* . The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” The titles and subtitles used in this Agreement are used for convenience only and are not considered in construing or interpreting this Agreement.

3.10 *Severability* . If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement, and the balance of the Agreement shall be interpreted as if such provision were so excluded, and shall be enforceable in accordance with its terms.

3.11 *Independent Nature of Purchasers’ Obligations and Rights* . The obligations of each Purchaser hereunder are several and not joint with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

3.12 *Counterparts* . This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. From time to time additional holders of Series A Preferred Stock will become parties to this Agreement as a Purchaser, pursuant to transfer restrictions set forth in the Certificate of Designations, as if they were originally signatories hereto, by executing an additional signature page to this Agreement. After executing and delivering such signature page, such Purchaser will be bound to perform all of the obligations herein described.

13.3 *Execution and Delivery* . A facsimile, electronic transmission or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes.

[*Signature page follows.*]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, as of March 15, 2016.

SOLAZYME, INC.

By: /s/ Jonathan S. Wolfson

Name: Jonathan S. Wolfson

Title: Chief Executive Officer

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF, the undersigned Purchaser has executed this Agreement.

Date: March 9, 2016

Artis Ventures II, LP

By: /s/ Robert Riemer

Name: Robert Riemer

Title: Chief Operating Officer of the General Partner, Artis Ventures Management II, L.P.

Date: March 10, 2016

BM Partners

By: /s/ Phil Belling

Name: Phil Belling

Title: Parter

Date: March 11, 2016

Glenhill Capital Advisors, LLC

As Investment Manager for and on behalf of:

Glenhill Capital Overseas Master Fund LP

Glenhill Long Fund LP

By: /s/ Glenn J. Krevlin

Name: Glenn J. Krevlin

Title: President and Chief Executive Officer

Glenn J. Krevlin, Trustee of the Glenn J. Krevlin Revocable Trust dated July 25, 2007

By: /s/ Glenn J. Krevlin

Name: Glenn J. Krevlin

Title: Trustee

Date: March 9, 2016

Lyra Growth Partners

By: /s/ Charles Chang

Name: Charles Chang
Title: President & Founder

Date: March 15, 2016

Simon Algae Investors, LLC

By: /s/ Stephen H. Simon

Name: Stephen H. Simon
Title: Manager

Date: March 14, 2016

VMG Partners III, L.P.

By: VMG Partners III GP, L.P., its general partner

By: VMG Partners III GP, LLC, its general partner

By: /s/ Michael L. Mauze

Name: Michael L. Mauze
Title: Managing Director

By: /s/ Kara M. Roell

Name: Kara M. Roell
Title: Managing Director

VMG Partners Mentors Circle III, L.P.

By: VMG Partners III GP, L.P., its general partner

By: VMG Partners III GP, LLC, its general partner

By: /s/ Michael L. Mauze

Name: Michael L. Mauze
Title:Managing Director

By: /s/ Kara M. Roell

Name: Kara M. Roell

Title: Managing Director

[Signature Page to Registration Rights Agreement]

Date: March 9, 2016

By: Alexander Bernstein
Name: Alexander Bernstein

Date: March 9, 2016

By: Jack Davis
Name: Jack Davis

Date: March 10, 2016

By: Gary Friedman
Name: Gary Friedman

Date: March 15, 2016

By: Jeffrey Tarrant
Name: Jeffrey Tarrant

Date: March 8, 2016

Jane Tranen Leyrer UTMA
By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Remy Tranen Leyrer UTMA
By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Quinn Tranen Leyrer UTMA
By: /s/ David T. Leyrer
Name: David T. Leyrer
Title: Trustee

Date: March 9, 2016

Acre Venture Partners, L.P.

By: /s/ Gareth Asten

Name: Gareth Asten

Title: Managing Partner

Date: March 9, 2016

Powerplant Ventures, L.P.

By: /s/ Mark Rampolla

Name: Mark Rampolla

Title: Partner

FORM OF STANDSTILL AGREEMENT

This STANDSTILL AGREEMENT (this " **Agreement** ") dated as of [], 2016 is between Solazyme, Inc., a Delaware corporation (the " **Company** "), and [name of Investor], a [_____] (" **Stockholder** " or " **Purchaser** ").

RECITALS

WHEREAS, in connection with the purchase of shares of the Company's Series A Preferred Stock, the Company and the Investors wish to enter this Agreement.

NOW, THEREFORE, in consideration of the Company's transfer of Preferred Stock to Stockholder, all parties hereto agree as follows:

ARTICLE 1
Definitions

Section 1.01 *Definitions* . (a) The following terms, as used herein, have the following meanings:

" **Affiliate** " means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For the purposes of this definition, "control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing.

" **Acquisition Proposal** " means any offer or proposal for, or any indication of interest in, a merger or other business combination involving the Company or any subsidiary of the Company or the acquisition of a controlling equity interest in, or a substantial portion of the assets of, the Company or any subsidiary of the Company; *provided* that an aggregate equity interest constituting 20% or more of the Total Voting Power shall be considered a controlling equity interest.

" **beneficial ownership** " and " **beneficially own** " shall be determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act.

" **Business Day** " means any day except a Saturday, Sunday or other day on which commercial banks in New York are authorized by law to close.

" **Common Stock** " means the common stock of the Company, par value $0.001.

" **Exchange Act** " means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

" **Person** " means an individual, a corporation, a partnership, an association, a trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

" **Preferred Stock** " means the Series A Preferred Stock of the Company, par value $0.001 per share.

" **Restricted Securities** " means any Voting Securities and any other securities or rights convertible into or exchangeable or exercisable (whether immediately or otherwise) for such Voting Securities.

" **Securities Act** " means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" **Stockholder Group** " means Stockholder and its Affiliates.

" **Total Voting Power** " means the aggregate number of votes which may be cast by holders of outstanding Voting Securities, calculated on an as-if converted basis in the case of securities that become Voting Securities only upon exercise or conversion thereof.

" **Voting Securities** " means all Common Stock of the Company entitled, in the ordinary course, to vote in the election of directors of the Company.

Section 1.02 *Other Definitional and Interpretative Provisions.* The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all such amendments, modifications or supplements must also be listed in the appropriate schedule. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE 2
Covenants of Stockholder

During the term of this Agreement, Stockholder agrees that:

Section 2.01 *Acquisition of Voting Securities* . Stockholder will not, and will not permit its Affiliates to, purchase or otherwise acquire, or agree or offer to purchase or otherwise acquire, beneficial ownership of any Voting Securities, if after giving effect thereto Stockholder, together with its Affiliates, would beneficially own Voting Securities representing more than 19.99% of Total Voting Power.

Section 2.02 *Certain Actions* . Stockholder will not, and will not permit its Affiliates to:

(a) make, or take any action to solicit, initiate or encourage, an Acquisition Proposal;

(b) "solicit", or become a "participant" in any "solicitation" of, any "proxy" (as such terms are defined in Regulation 14A under the Exchange Act) from any holder of Voting Securities in connection with any vote on any matter, or agree or announce its intention to vote with any Person undertaking a "solicitation";

(c) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Voting Securities;

(d) grant any proxies with respect to any Voting Securities to any Person (other than as recommended by the Board of Directors of the Company) or deposit any

Voting Securities in a voting trust or enter into any other arrangement or agreement with respect to the voting thereof; or

(e) propose any amendment to this Agreement that is or may be required to be publicly disclosed.

Section 2.03 *Voting Arrangements.* Stockholder shall cause all Voting Securities owned by the Stockholder Group to be represented, in person or by proxy, at all meetings of holders of Voting Securities of which Stockholder has actual notice, so that such Voting Securities may be counted for the purpose of determining the presence of a quorum at such meetings.

ARTICLE 3
Termination

Section 3.01 *Termination.* This Agreement shall terminate upon the earlier of the occurrence of any of the following:

(a) the fifth anniversary of the date of this Agreement;

(b) the written agreement of the Company and Stockholder to terminate this Agreement; and

(c) a Deemed Liquidation Event or a Liquidation Event (each as defined in the Certificate of Designations relating to the Company's Series A Preferred Stock (the " **Certificate of Designations** ").

ARTICLE 4
Miscellaneous

Section 4.01 *Specific Performance* . Stockholder agrees that any breach by it of any provision of this Agreement would irreparably injure the Company and that money damages would be an inadequate remedy therefor. Accordingly, Stockholder agrees that the Company shall be entitled to seek one or more injunctions enjoining any such breach and requiring specific performance of this Agreement, in addition to any other remedy to which the Company is entitled at law or in equity.

Section 4.02 *Notices* . All notices, requests and other communications to either party hereunder shall be in writing (including e-mail, facsimile or similar writing) and shall be given,

if to Stockholder, to such Stockholder at the address listed on the signature page hereto,

if to the Company, to:

Solazyme, Inc.

225 Gateway Boulevard

South San Francisco, CA 94080

Attention: General Counsel

E-mail:

with a copy to:

Davis Polk & Wardwell

1600 El Camino Real

Menlo Park, CA 94025

or such other address or facsimile number as any party may hereafter specify for the purpose by notice to the other party hereto. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section 4.02.

Section 4.03 *Amendments; No Waivers.* (a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Stockholder and the Company, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 4.04 *Expenses* . Except as otherwise provided herein and in Exhibit A hereto, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 4.05 *Successors and Assigns* . The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that neither of the parties may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of the other party hereto. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 4.06 Counterparts; Effectiveness . This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 4.07 *Entire Agreement* . This Agreement (and all exhibits thereto), the Certificate of Designations, that certain Stock Purchase Agreement dated March 10, 2016 by and among the Company, the Stockholder and the other parties thereto, and that certain Registration Rights Agreement dated March 15, 2016 by and among the Company, the Stockholder and the other parties thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect thereto. No representation, inducement, promise, understanding, condition or warranty not set forth herein or therein has been made or relied upon by any of the parties hereto.

Section 4.08 *Governing Law* . This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 4.09 *Jurisdiction* . The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District

Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in ýSection 4.02 shall be deemed effective service of process on such party.

Section 4.10 *WAIVER OF JURY TRIAL* . EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[*Signature page follows* .]

IN WITNESS WHEREOF, the undersigned Stockholder has executed this Agreement.

Date: _____

Stockholder

By: _____

Name:

Title:

Address:

_____

_____

_____

Telephone: _____

Facsimile: _____

Email: _____

Accepted and agreed.

SOLAZYME, INC.

By: _____

Name:

Title:

[*Signature Page to Standstill Agreement*]

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
(Pursuant to Rule 13a -14(a) or Rule 15d-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 S. 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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: May 6 , 2016

/s/ Jonathan Wolfson

Jonathan Wolfson
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
(Pursuant to Rule 13a -14(a) or Rule 15d-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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a015(f) and 15d-15(f) 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: May 6, 2016

/ S / T YLER W. P AINTER

Tyler W. Painter
Chief Operating Officer and
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Solazyme, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2016 , as filed with the Securities and Exchange Commission (the "Report"), each of Jonathan S. Wolfson, Chief Executive Officer and Chairman of the Board of the Company and Tyler W. Painter, Chief Operating Officer and Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J ONATHAN W OLFSON

Jonathan Wolfson
Chief Executive Officer and Chairman of the Board

Date: May 6, 2016

/ S / T YLER W. P AINTER

Tyler W. Painter
Chief Operating Officer and
Chief Financial Officer

Date: May 6, 2016

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.