

CODEXIS INC  
Form DEF 14A  
April 29, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**CODEXIS, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Table of Contents

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  - (2) Aggregate number of securities to which transaction applies:
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  - (4) Proposed maximum aggregate value of transaction:
  
  - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount previously paid:
  
  - (2) Form, Schedule or Registration Statement No.:
  
  - (3) Filing party:

(4) Date Filed:

---

**Table of Contents**

April 29, 2016

Dear Stockholder:

You are invited to attend the annual meeting of stockholders (the Annual Meeting ) of Codexis, Inc. ( Codexis, we, us or our ) to be held on Wednesday, June 15, 2016, at 9:00 a.m., California time, at our executive offices at 400 Penobscot Drive, Redwood City, California.

At this year s Annual Meeting, you will be asked to:

- (i) elect three Class III directors to hold office until the 2019 annual meeting of stockholders;
- (ii) ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
- (iii) transact such other business as may properly come before the Annual Meeting.

The accompanying Notice of Annual Meeting and proxy statement describe these matters. We urge you to read this information carefully.

Your board of directors unanimously believes that election of its nominees for director and the ratification of the Audit Committee s selection of our independent registered public accounting firm are in the best interest of Codexis and its stockholders, and, accordingly, recommends a vote FOR election of its nominees for director and FOR the ratification of the selection of BDO USA, LLP as our independent registered public accounting firm.

In addition to the business to be transacted as described above, management will speak on our developments of the past year and respond to comments and questions of general interest to stockholders.

It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please complete, sign, date and return the enclosed proxy card as promptly as possible in order to ensure your representation at the Annual Meeting. You may also vote on the Internet or by telephone, and the instructions for doing so are set forth in the enclosed proxy card. Voting by written proxy, over the Internet or by telephone will ensure your shares are represented at the Annual Meeting.

Sincerely,

John J. Nicols  
*President and Chief Executive Officer*

**Table of Contents**

**CODEXIS, INC.**

**200 Penobscot Drive**

**Redwood City, CA 94063**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON WEDNESDAY, JUNE 15, 2016**

To the Stockholders of Codexis, Inc. ( Codexis, we, us and our ):

We will hold an annual meeting of our stockholders (the Annual Meeting ) at our executive offices at 400 Penobscot Drive, Redwood City, California, on Wednesday, June 15, 2016, at 9:00 a.m., California time, for the following purposes:

1. To elect each of Byron L. Dorgan, David V. Smith and Dennis P. Wolf to our board of directors for a three-year term expiring at the 2019 annual meeting of stockholders or until their respective successors are duly elected and qualified or their earlier resignation or removal;
2. To ratify the selection of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
3. To transact any other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

These items of business are described in the attached proxy statement. Only stockholders of record of shares of our common stock at 5:00 p.m., New York time, on April 20, 2016, the record date for the Annual Meeting, are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

A list of stockholders eligible to vote at the Annual Meeting will be available for inspection at the Annual Meeting, and at the principal executive offices of Codexis during regular business hours for a period of not less than ten days prior to the Annual Meeting.

***Your vote is very important.*** It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. You may vote by completing and mailing the proxy card enclosed with the proxy statement, or you may grant your proxy electronically via the Internet or by telephone by following the instructions on the proxy card. If your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, you should review the instructions provided to you by that broker, bank or other nominee to determine how you will be able to submit your voting instructions. Submitting a proxy over the Internet, by telephone or by mailing a proxy card will ensure that your shares are represented at the Annual Meeting.

Sincerely,

John J. Nicols  
*President and Chief Executive Officer*

The enclosed proxy statement is dated April 29, 2016 and is first being mailed to stockholders on or about May 6, 2016.

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>INFORMATION CONCERNING VOTING AND SOLICITATION</u></b>	1
<u>General</u>	1
<u>Important Notice Regarding the Availability of Proxy Materials</u>	1
<u>Who Can Vote</u>	1
<u>Voting of Shares</u>	1
<u>Revocation of Proxy</u>	2
<u>Voting in Person</u>	2
<u>Quorum and Votes Required</u>	2
<u>Solicitation of Proxies</u>	3
<u>Security Ownership of Certain Beneficial Owners and Management</u>	3
<u>Annual Report</u>	5
<u>Assistance</u>	5
<u>Forward-Looking Statements</u>	5
<b><u>ITEM 1 ELECTION OF DIRECTORS</u></b>	6
<u>Board Structure</u>	6
<u>Director Nominees</u>	6
<u>Director Nominee Biographical Information</u>	6
<u>Board Recommendation</u>	7
<u>Directors Not Standing for Election</u>	8
<u>Executive Officers</u>	10
<u>Executive Officer Biographical Information</u>	10
<b><u>CORPORATE GOVERNANCE MATTERS</u></b>	11
<u>Composition of the Board of Directors</u>	11
<u>Board Leadership Structure</u>	11
<u>Board Meetings</u>	11
<u>Board Committees</u>	11
<u>Risk Oversight</u>	13
<u>Director Nominations and Board Diversity</u>	13
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Communication with the Board</u>	14
<u>Code of Business Conduct and Ethics</u>	14
<u>Director Compensation</u>	15
<u>2015 Director Compensation Table</u>	16
<b><u>ITEM 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u></b>	16
<u>Principal Accounting Fees and Services</u>	17
<u>Board Recommendation</u>	17
<b><u>EXECUTIVE COMPENSATION</u></b>	18
<u>Compensation Discussion and Analysis</u>	18
<u>2015 Summary Compensation Table</u>	30
<u>Grants of Plan-Based Awards in 2015 Table</u>	31
<u>Outstanding Equity Awards at 2015 Fiscal Year-End Table</u>	32
<u>Option Exercises and Stock Vested in 2015</u>	33
<u>Pension Benefits</u>	33
<u>Nonqualified Deferred Compensation</u>	33
<u>Change in Control and Severance Agreements</u>	33
<u>Equity Compensation Plan Information</u>	36
<u>Compensation Committee Report</u>	36

**Table of Contents**

	<b>Page</b>
<u>AUDIT MATTERS</u>	37
<u>Audit Committee Report</u>	37
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	38
<u>Director and Officer Indemnification Agreements</u>	38
<u>Policies and Procedures for Related Party Transactions</u>	38
<u>OTHER MATTERS</u>	39
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	39
<u>Stockholder Proposals and Nominations</u>	39
<u>Householding of Proxy Materials</u>	39
<u>Incorporation by Reference</u>	40

---

**Table of Contents**

**PROXY STATEMENT**

**INFORMATION CONCERNING VOTING AND SOLICITATION**

**General**

Your proxy is solicited on behalf of the board of directors of Codexis, Inc., a Delaware corporation ( Codexis, we, us or our ), for use at our 2016 annual meeting of stockholders (the Annual Meeting ) to be held on Wednesday, June 15, 2016, at 9:00 a.m., California time, at our executive offices at 400 Penobscot Drive, Redwood City, California, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this proxy statement and in the accompanying Notice of Annual Meeting as well as any other business properly brought before the Annual Meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the Annual Meeting.

This proxy statement and accompanying proxy card are first being mailed to stockholders entitled to vote at the Annual Meeting on or about May 6, 2016.

**Important Notice Regarding the Availability of Proxy Materials for the 2016 Annual Meeting of Stockholders to Be Held on June 15, 2016**

This proxy statement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and the form of proxy card are available on our website at [www.codexis.com](http://www.codexis.com).

**Who Can Vote**

You are entitled to vote if you are a stockholder of record of our common stock (or common stock ) as of the close of business on April 20, 2016. You are entitled to one vote for each share of common stock held on all matters to be voted upon at the Annual Meeting. Your shares may be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

**Voting of Shares**

If, at the close of business on April 20, 2016, your shares of common stock were registered directly in your name with Wells Fargo Bank, National Association, our transfer agent, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy by completing, dating and signing the proxy card that was included with the proxy statement and promptly returning it in the preaddressed, postage paid envelope provided to you, or by submitting a proxy over the Internet or by telephone by following the instructions on the proxy card. If your shares of common stock are held in street name through a broker, bank or other nominee, you are considered the beneficial owner of those shares and you have the right to instruct your broker, bank or other nominee, who is considered the stockholder of record for the purposes of voting at the Annual Meeting, on how to vote the shares in your account. Your broker, bank or nominee will send you a voting instruction form for you to use to direct how your shares should be voted.

The Internet and telephone voting will close at 11:59 p.m., New York time, on June 14, 2016. If you vote through the Internet, you should be aware that you may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by you. If you vote by the Internet or telephone, then you need not return a written proxy card by mail.

**YOUR VOTE IS VERY IMPORTANT.** You should submit your proxy even if you plan to attend the Annual Meeting. If you properly give your proxy and submit it to us in time to vote, one of the individuals named as your proxy will vote your shares as you have directed.

All shares entitled to vote and represented by properly submitted proxies (including those submitted electronically, telephonically and in writing by 11:59 p.m., New York time, on June 14, 2016) that are received



## **Table of Contents**

before the polls are closed at the Annual Meeting, and that are not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies. If no direction is indicated on a proxy, your shares will be voted **FOR** the election of Byron L. Dorgan, David V. Smith and Dennis P. Wolf as our Class III directors and **FOR** the ratification of the selection of BDO USA, LLP ( BDO ) as our independent registered public accounting firm. The proxy gives each of John J. Nicols and Gordon Sangster discretionary authority to vote your shares in accordance with his best judgment with respect to all additional matters that might come before the Annual Meeting.

### **Revocation of Proxy**

If you are a stockholder of record, you may revoke your proxy at any time before your proxy is voted at the Annual Meeting by taking any of the following actions:

delivering to our Secretary a signed written notice of revocation, bearing a date later than the date of the original proxy, stating that the original proxy is revoked;

signing and delivering a new paper proxy, relating to the same shares and bearing a later date than the original proxy;

submitting another proxy by telephone or over the Internet (your latest telephone or Internet voting instructions will be followed); or

attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, by itself, revoke a proxy. Written notices of revocation and other communications with respect to the revocation of Codexis proxies should be addressed to:

Codexis, Inc.

200 Penobscot Drive

Redwood City, CA 94063

Attn: Secretary

If your shares are held in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so. See below regarding how to vote in person if your shares are held in street name.

### **Voting in Person**

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a legal proxy from the broker, bank or other nominee who is the record holder of the shares, authorizing you to vote at the Annual Meeting.

### **Quorum and Votes Required**

At 5:00 p.m., New York time, on April 20, 2016, 40,788,170 shares of our common stock were outstanding and entitled to vote. All votes will be tabulated by the inspector of elections appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes and abstentions.

*Quorum.* A majority of the outstanding shares of common stock, present in person or represented by proxy at the Annual Meeting, will constitute a quorum at the Annual Meeting. Shares of common stock held by persons



---

## **Table of Contents**

attending the Annual Meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum.

*Broker Non-Votes.* Brokers or other nominees who hold shares of common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the election of directors or for any matter that the United States Securities Exchange Commission ( SEC ) determines to be a significant matter without specific instructions from the beneficial owner. These non-voted shares are referred to as broker non-votes. If your broker holds your common stock in street name, your broker is not entitled to vote your shares on non-routine proposals (i.e., of the proposals to be considered at the Annual Meeting, the election of directors) without your instructions and will only vote your shares on such proposals if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement.

*Election of Class III Directors.* Our bylaws provide that a plurality of votes cast in favor of the election of a director shall be sufficient to elect such director to the board of directors. Under this plurality voting standard, the nominees for available directorships who receive the highest number of affirmative votes cast are elected. Withheld votes will not have any effect on the election of directors. Brokers are not empowered to vote on the election of directors without instructions from the beneficial owner of the shares and thus broker non-votes likely will occur. Since broker non-votes are not considered votes cast for a candidate, they will not have any effect on the election of directors.

*Ratification of Independent Registered Public Accounting Firm.* The affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting and entitled to vote is required for the ratification of the selection of BDO as our independent registered public accounting firm. Withheld votes will have the same effect as voting against this proposal. Brokers generally have discretionary authority to vote on the ratification of our independent registered public accounting firm; thus broker non-votes are generally not expected to result from the vote on this proposal.

## **Solicitation of Proxies**

Our board of directors is soliciting proxies for the Annual Meeting from our stockholders. We will bear the entire cost of soliciting proxies from our stockholders. In addition to the solicitation of proxies by mail, we will request that brokers, banks and other nominees that hold shares of our common stock, which are beneficially owned by our stockholders, send Notices of Annual Meeting, proxies and proxy materials to those beneficial owners and secure those beneficial owners' voting instructions. We will reimburse those record holders for their reasonable expenses.

## **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of April 20, 2016 for:

each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

each of our named executive officers;

each of our directors; and

all directors and current executive officers as a group.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o Codexis, Inc., 200 Penobscot Drive, Redwood City, CA 94063. We have determined beneficial ownership in accordance with

**Table of Contents**

the rules promulgated by the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of April 20, 2016. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Percentage of beneficial ownership is based on 40,788,170 shares of common stock outstanding as of April 20, 2016.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
<b>5% Stockholders:</b>		
Entities affiliated with Vivo Ventures(1)	5,573,319	13.7%
Nantahala Capital Management, LLC(2)	4,811,222	11.8%
Biomedical Sciences Investment Fund Pte Ltd(3)	2,958,522	7.3%
<b>Executive Officers and Directors</b>		
John J. Nicols(4)	1,867,903	4.6%
Gordon Sangster(5)	158,155	*
Douglas T. Sheehy(6)	756,845	1.9%
James J. Lalonde(7)	371,299	*
Thomas R. Baruch(8)	199,182	*
Pam P. Cheng	59,946	*
Byron L. Dorgan(9)	276,682	*
Kathleen S. Glaub	64,209	*
Bernard J. Kelley(10)	304,810	*
David V. Smith	24,691	*
Dennis P. Wolf(11)	227,930	*
Patrick Y. Yang	290,246	*
All executive officers and directors as a group (12 persons)(12)	4,601,898	11.3%

\* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

- (1) Based solely on a Schedule 13G filed by Vivo Ventures VII, LLC, Vivo Ventures Fund VII, L.P. and Vivo Ventures VII Affiliates Fund, L.P. (together, the Vivo Reporting Persons ) on March 23, 2015. As of March 20, 2015, Vivo Ventures Fund VII, L.P. owns 5,454,439 shares of Codexis common stock, and Vivo Ventures VII Affiliates Fund, L.P. owns 118,880 shares of Codexis common stock. Vivo Ventures VII LLC, as the general partner of Vivo Ventures Fund VII, L.P. and Vivo Ventures VII Affiliates Fund, L.P. may be deemed to beneficially own 5,573,319 shares of Codexis common stock, and to have shared voting and dispositive power with respect to 5,573,319 shares of Codexis common stock. The address of the Vivo Reporting Persons is 575 High Street, Suite 201, Palo Alto, CA 94301.
- (2) Based solely on a Schedule 13G/A filed by Nantahala Capital Management, LLC ( Nantahala ), Wilmot B. Harkey and Daniel Mack on February 16, 2016 with respect to shares of Codexis common stock beneficially owned by Nantahala as of December 31, 2015. Nantahala may be deemed to be the beneficial owner of 4,811,222 shares held by funds and separately managed accounts under its control, and as the managing members of Nantahala, each of Messrs. Harkey and Mack may be deemed to be a beneficial owner of those shares. The address of Nantahala is 19 Old Kings Highway South, Suite 200, Darien, CT 06820.
- (3) Based solely on a Schedule 13G filed by Biomedical Sciences Investment Fund Pte Ltd ( BMSIF ) on February 12, 2016. EDB Investments Pte Ltd ( EDB Investments ) is the parent entity of BMSIF. The

## **Table of Contents**

- Economic Development Board of Singapore ( EDB ) is the parent entity of EDB Investments. EDB is a Singapore government entity. EDB Investments, EDB and the Singapore government may be deemed to have shared voting and dispositive power over the shares owned beneficially and of record by BMSIF. The address of BMSIF is 250 North Bridge Road #20-02, Raffles City Tower, Singapore 179101.
- (4) Includes 1,018,666 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (5) Includes 97,041 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (6) Based solely on information known to Codexis as of April 8, 2016, the effective date of Mr. Sheehy's resignation from Codexis, and includes 556,678 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (7) Includes 214,580 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (8) Includes 40,000 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (9) Includes 120,000 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (10) Includes 111,664 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (11) Includes 106,664 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.
  - (12) Includes 2,265,293 shares issuable pursuant to stock options exercisable within 60 days of April 20, 2016.

## **Annual Report**

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which contains our consolidated financial statements for fiscal year 2015, accompanies this proxy statement.

## **Assistance**

If you need assistance completing your proxy card or in voting over the Internet or have questions regarding the Annual Meeting, please contact our transfer agent, Wells Fargo Shareowner Services, at P.O. Box 64854, St. Paul, Minnesota 55164-0854, or by telephone at (800) 468-8716 for calls originating within the United States and at (651) 450-4064 for calls originating outside the United States.

## **Forward-Looking Statements**

This proxy statement contains forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995). These statements are based on our current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding actions to be taken by us. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect our business, particularly those mentioned in the risk factors in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, our quarterly reports on Form 10-Q and our current reports on Form 8-K.

**Table of Contents****ITEM 1****ELECTION OF DIRECTORS****Board Structure**

Our bylaws provide for a fixed number of directors as set by the board of directors. There are currently eight directors on our board. The directors are divided into three classes, each of whom serves for a term of three years: Class I directors (who hold office until the close of the 2017 annual meeting of stockholders), Class II directors (who hold office until the close of the 2018 annual meeting of stockholders) and Class III directors (who hold office until the close of the Annual Meeting). At each annual meeting of stockholders, the term of one of the classes of directors expires. The class of directors with a term expiring at the Annual Meeting are the Class III directors, currently consisting of three directors, Byron L. Dorgan, David V. Smith and Dennis P. Wolf.

**Director Nominees**

Based upon the recommendation of our nominating and corporate governance committee, our board of directors has nominated each of Byron L. Dorgan, David V. Smith and Dennis P. Wolf for election as a Class III director to our board. If elected, each director nominee would serve a three-year term expiring at the close of our 2019 annual meeting of stockholders, or until his successor is duly elected and qualified. Each of Messrs. Dorgan, Smith and Wolf currently serves on our board of directors, and has agreed to be named in this proxy statement and to serve as a director if elected. Biographical information on each of the director nominees is furnished below under Director Nominee Biographical Information.

Set forth below is information regarding the director nominees, as of April 20, 2016:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
Byron L. Dorgan(1)(2)	73	2011
David V. Smith	56	2016
Dennis P. Wolf(1)	63	2007

- (1) Member of the Audit Committee  
(2) Member of the Compensation Committee

**Director Nominee Biographical Information**

The following biographical information is furnished as of April 20, 2016 with regard to the director nominees.

*Byron L. Dorgan* has served as a director of Codexis since February 2011. Mr. Dorgan brings to our board of directors experience in economic issues, policy making, health care and government affairs. Mr. Dorgan represented the State of North Dakota in the United States Senate from 1992 to January 2011, when he retired. Prior to serving in the United States Senate, Mr. Dorgan served in the United States House of Representatives from 1981 to 1992. During his time in the United States Senate, Mr. Dorgan served in the United States Senate Leadership, first as Assistant Democratic Floor Leader and then as Chairman of the Democratic Policy Committee. He also served as the Chairman of the Committee on Indian Affairs and was the senior Senator on the Appropriations, Energy and Commerce Committees. Prior to being elected to the United States House of Representatives, Mr. Dorgan served as North Dakota State Tax Commissioner from 1969 until 1980. Mr. Dorgan is a New York Times bestselling author of four books, including *Take this Job and Ship It: How Corporate Greed and Brain-Dead Politics Are Selling Out America*, *Reckless! How Debt, Deregulation and Dark Money Nearly Bankrupted America*, *Blowout* and *Gridlock*. Mr. Dorgan holds a B.S.B.A. from the University of North Dakota and an M.B.A. from the University of Denver.

## **Table of Contents**

*David V. Smith* has served as a director of Codexis since March 2016. Mr. Smith brings to our board of directors extensive experience in financial management, corporate finance and corporate governance. Mr. Smith has served as Chief Operating Officer of IntegenX since May 2012. Prior to IntegenX, he was Executive Vice President and Chief Financial Officer of Thoratec Corporation from December 2006 until July 2011. Prior to joining Thoratec in 2006, Mr. Smith served as Vice President and Chief Financial Officer of Chiron Corporation, which he joined in 1999, and where he held a number of positions of increasing responsibility, including Vice President, Principal Accounting Officer and Controller, and Vice President of Finance. Mr. Smith served as the Vice President of Finance and Chief Financial Officer at Anergis Incorporated from 1997 to 1999. From 1988 to 1997, Mr. Smith served in various financial management positions with Genentech, Inc., both in the United States and Europe. He previously held finance positions at Syntex Corporation and IBM Corporation. Mr. Smith currently serves as chair of the Audit Committee and a Director of OncoGenex Pharmaceuticals, Inc., a publicly-traded biopharmaceutical company, and was previously chair of the Audit Committee and a Director of Perlegen Sciences, Inc. He holds a B.A. in Economics and History from Willamette University and an M.B.A. specializing in finance from Golden Gate University.

*Dennis P. Wolf* has served as a director of Codexis since December 2007. Mr. Wolf brings to our board of directors extensive experience in financial management, corporate finance and public company corporate governance. Mr. Wolf has served as Chief Financial Officer of DataStax, Inc., a private software company, since November 2013. Previously, Mr. Wolf served as Executive Vice President and Chief Financial Officer of Fusion-io Multisystems, a computer hardware and software company, from November 2009 to October 2013. Prior to Fusion-io, Mr. Wolf served as Executive Vice President and Chief Financial Officer of MySQL AB. Mr. Wolf has also held financial management positions for public high technology companies including Apple Computer, Inc., Centigram Communications, Inc., Credence Systems Corporation, Omnicell, Inc., Redback Networks Inc. and Sun Microsystems, Inc. Mr. Wolf has been a director and chair of the audit committee for other public companies including Quantum Corporation, Avanex Corporation, Bigband Networks, Komag, Inc., Registry Magic, Inc. and Vitria Technology, Inc., and served as a director of Exponential Interactive, Inc. He holds a B.A. from the University of Colorado and an M.B.A. from the University of Denver.

## **Board Recommendation**

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE DIRECTOR NOMINEES.**

**Table of Contents****Directors Not Standing for Election**

Set forth below is information for the members of the board whose terms of directorship do not expire at the Annual Meeting and who are not standing for election at this year's Annual Meeting, as of April 20, 2016:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Class/Term Expires</b>
Thomas R. Baruch(1)	77	2002	Class I/2017
Pam P. Cheng(2)(3)	45	2014	Class I/2017
Patrick Y. Yang(1)(2)	68	2014	Class I/2017
Kathleen S. Glaub(2)	62	2014	Class II/2018
Bernard J. Kelley(1)(3)(4)	74	2004	Class II/2018
John J. Nicols	52	2012	Class II/2018

- (1) Member of the Nominating and Corporate Governance Committee
- (2) Member of the Science & Technology Committee
- (3) Member of the Compensation Committee
- (4) Member of the Audit Committee

The following director biographical information is furnished as of April 20, 2016 with regard to our directors (other than our director nominees) whose terms of directorship do not expire at the Annual Meeting.

*Thomas R. Baruch* has served as a director of Codexis since 2002. Mr. Baruch brings to our board of directors knowledge of the biotechnology and clean technology industries as well as public company governance experience. Since April 2013, Mr. Baruch has served as partner of Formation 8, a venture capital fund, and since November 2010, Mr. Baruch has served as managing general partner of Baruch Future Ventures, LLC, a venture capital fund that he founded. Mr. Baruch is also the founder and partner emeritus of CMEA Capital, a venture capital firm that was established in 1989 as an affiliated fund of New Enterprise Associates. Mr. Baruch served as managing partner of CMEA Capital from 1989 to October 2010. Mr. Baruch currently serves as a director for various clean technology companies, including as a member of the board of directors of Calysta Energy, Inc., a renewable fuels and chemicals company; Urban Electric Power, a developer of rechargeable battery systems; and as chairman of the board of directors of Intermolecular, Inc., a publicly traded company offering high productivity combinatorial synthesis technologies for application in the semiconductor and clean energy sectors, where he also serves on the compensation and nominating and corporate governance committees. In addition, Mr. Baruch is currently on the board of directors of TeselaGen Biotechnology, a private biotechnology company; LaunchPad Central, a developer and seller of software for early stage investors and entrepreneurs; and That Man May See Foundation, a charitable foundation which supports the Department of Ophthalmology at the University of California, San Francisco. Before starting CMEA, Mr. Baruch was a founder and Chief Executive Officer of Microwave Technology, Inc., a supplier of gallium arsenide integrated circuits. Prior to his employment with Microwave Technology, Inc., Mr. Baruch managed a dedicated venture fund at Exxon Corp, and was president of the Exxon Materials Division. Earlier in his career, Mr. Baruch worked as a patent attorney and remains a registered patent attorney. He is also both a member of the Executive Committee of the Council of Competitiveness and member of the Steering Committee of the ESIS Initiative (Energy, Security, Innovation, and Sustainability) of the Council of Competitiveness. Mr. Baruch is a member of the board of trustees of Rensselaer Polytechnic Institute, the National Advisory Council on Innovation and Entrepreneurship and the Sierra Club Climate Recovery Cabinet. Mr. Baruch holds a B.S. in engineering from Rensselaer Polytechnic Institute and a J.D. from Capital University.

*Pam P. Cheng* has served as a director of Codexis since October 2014. Ms. Cheng brings to our board of directors experience in pharmaceutical manufacturing and conducting business in Asia, as well as senior management and financial operations experience. Ms. Cheng has served as the Executive Vice President, Operations and IT for AstraZeneca plc, a publicly-traded multinational pharmaceutical and biologics company, since June 2015. Previously, Ms. Cheng was a 17-year veteran of Merck and most recently served as President of



---

**Table of Contents**

MSD China, Merck's subsidiary in China. Prior to serving as President of MSD China, Ms. Cheng served as Senior Vice President, Global Supply Chain Management for Merck in New Jersey, with overall end-to-end supply chain oversight for its human health, vaccines, and consumer care businesses globally. Before Merck, Ms. Cheng held operational roles at GAF Chemicals and UOP/Union Carbide. Ms. Cheng received an M.B.A. in Marketing from Pace University in New York and her Bachelor and Masters of Chemical Engineering from the Stevens Institute of Technology in New Jersey. She has also earned Six Sigma Executive Belt Certification.

*Kathleen S. Glaub* has served as a director of Codexis since September 2014. Ms. Glaub brings to our board of directors experience in company-building and business strategy at drug development and technology companies. Since August 2014, Ms. Glaub has served as Chief Executive Officer of Afferent Pharmaceuticals, a clinical-stage biotechnology company that is developing treatments for respiratory and urologic disorders and chronic pain, where she is also a member of the board of directors. Previously, from November 2001 to May 2013, Ms. Glaub served as President of Plexxikon Inc., a biopharmaceutical company that was acquired by Daiichi Sankyo in 2011. Prior to Plexxikon, Ms. Glaub served as Chief Financial Officer for Cell Genesys, Inc., a biotechnology company. Prior to Cell Genesys, Ms. Glaub served as the Treasurer of Genentech, Inc., a biotechnology company ( Genentech ), and held various financial and treasury roles at Intel Corporation. Ms. Glaub received her B.A. from the University of California, Berkeley, and her M.B.A. from Northwestern University.

*Bernard J. Kelley* has served as a director of Codexis since April 2004. Mr. Kelley brings to our board of directors experience in pharmaceutical manufacturing, as well as senior management and financial operations experience. From 1993 to 2002, Mr. Kelley was the President of the Merck Manufacturing Division, a division of Merck & Co., Inc. ( Merck ), a global pharmaceutical company, and he served as a member of the Merck Management Committee from 1995 to 2002. Mr. Kelley previously served on the board of directors of Aegis Analytical Corporation, an enterprise software company, from 2004 to 2006, and on the board of directors and compensation and audit committees of MAP Pharmaceuticals, Inc., a biotechnology company focused on developing inhalation-based therapies which was acquired by Allergan, Inc. in March 2013, from May 2007 to March 2013. In addition, Mr. Kelley serves as a member of the board of trustees of the Catholic Foundation of Greater Philadelphia and the Friends of Rittenhouse Square, both non-profit organizations based in Philadelphia, and as a member of the board of trustees and finance committee of the National Liberty Museum, also a non-profit organization based in Philadelphia. Mr. Kelley holds a B.S. in engineering from the U.S. Naval Academy.

*John J. Nicols* has served as our President and Chief Executive Officer and as a director of Codexis since June 2012. Mr. Nicols brings to our board of directors his knowledge of Codexis as its President and Chief Executive Officer and his extensive prior management experience in the chemicals industry. Prior to that time, Mr. Nicols served in various capacities at Albemarle Corporation, a public company focused on the development, manufacture and marketing of highly engineered specialty chemicals, since he joined that company in 1990. Mr. Nicols most recently served as its Senior Vice President, Strategic Development and Catalysts, from March 2012 to June 2012. Mr. Nicols previously served as its Vice President, Catalysts from January 2007 to February 2012, its Vice President, Fine Chemistry from June 2002 to December 2006, its Division Vice President, Global Flame Retardants business from February 1999 through June 2002 and its Asia Pacific Business Director for the Bromine Chemicals business, based in Tokyo, Japan, from 1995 to 1998. Prior to his time with Albemarle Corporation, Mr. Nicols worked for three years in manufacturing and research and development for Hercules, Inc. Mr. Nicols has served on the board of directors of California Life Sciences Association (formerly BayBio), a non-profit organization, since January 2014. In addition, Mr. Nicols has served on the board of directors of Solve ME/CFS Initiative, a non-profit organization, since January 2015, and currently serves as vice chairperson and on the executive and nominating committees of that organization. Mr. Nicols received a B.S. in Chemical Engineering from the Polytechnic Institute of New York University and an M.B.A. from the Sloan School of Management at the Massachusetts Institute of Technology.

*Patrick Y. Yang* has served as a director of Codexis since February 2014. Dr. Yang brings to our board of directors significant experience in pharmaceutical manufacturing and process development. From January 2010

**Table of Contents**

to March 2013, Dr. Yang served as Executive Vice President and Global Head of Technical Operations for F. Hoffmann-La Roche Ltd., a world leader in research-focused pharmaceuticals and diagnostics, where he was responsible for Roche's pharmaceutical and biotechnology manufacturing operations, process development, quality, regulatory, supply management and distribution functions, and was accountable for more than 15,000 employees worldwide. From December 2003 to December 2009, Dr. Yang worked for Genentech, where he most recently served as Executive Vice President of Product Operations, and was responsible for Genentech's manufacturing, process development, quality, regulatory affairs and distribution functions. Prior to joining Genentech, Dr. Yang worked for Merck, where he held several leadership roles including Vice President of Asia/Pacific Manufacturing Operations and Vice President of Supply Chain Management. He also previously worked at General Electric Co. and Life Systems, Inc. Dr. Yang currently serves on the board of directors of Tesoro Corporation, a public independent petroleum refining and marketing company, PharmaEssentia Corporation (Taiwan), a public clinical-stage biotechnology company, and Amyris, Inc., a public synthetic biology/biotechnology company; and previously served on the board of directors of Celladon Corporation and TaiMed, Inc. Dr. Yang earned a B.S. in Engineering from the National Chiaotung University in Taiwan, a M.S. in Electrical Engineering from the University of Cincinnati and a Ph.D. in engineering from the Ohio State University.

**Executive Officers**

The executive officers of Codexis are set forth below with their ages as of April 20, 2016:

Name	Age	Position
John J. Nicols	52	President and Chief Executive Officer
Gordon Sangster	63	Senior Vice President and Chief Financial Officer
James J. Lalonde	55	Senior Vice President, Research & Development

**Executive Officer Biographical Information**

The following biographical information is furnished with regard to our executive officers (except for Mr. Nicols, whose biographical information appears above under "Directors Not Standing for Election") as of April 20, 2016:

*Gordon Sangster* has served as our Senior Vice President and Chief Financial Officer since August 2014. Prior to joining Codexis, Mr. Sangster served as Chief Financial Officer of Nitinol Devices & Components, a private medical device manufacturer, from October 2011 until July 2014. Prior to that role, Mr. Sangster was Chief Financial Officer of ITC Nexus-Dx, a private medical device company that focused on point-of-care diagnostics, from October 2010 to July 2011. From November 2007 to October 2010, Mr. Sangster was Chief Financial Officer of Micrus Endovascular, a publicly traded medical device company that was acquired by Johnson & Johnson. From 2006 to 2007, Mr. Sangster was also Chief Financial Officer of HemoSense, Inc., a publicly traded medical device company that was acquired by Alere. Prior to that role, Mr. Sangster was Chief Financial Officer of AP Pharma, a publicly traded biotechnology company, from 2000 to 2006. Prior to his Chief Financial Officer roles, Mr. Sangster held roles of increasing responsibility in finance at AP Pharma, Raychem, and CooperVision. Mr. Sangster is a member of the Institute of Chartered Accountants in England and Wales, and is a native of Edinburgh, Scotland.

*James J. Lalonde* has served as Senior Vice President, Research and Development of Codexis since February 2014. He served as Codexis Vice President, Research and Development from December 2005 to February 2014. Dr. Lalonde joined Codexis in July 2004 as Director, Biocatalysis and Chemical Development. Prior to joining Codexis, Dr. Lalonde worked at Altus Biologics, Inc. and Vista Chemical Co. He is also the co-author on a variety of research publications and a co-inventor on numerous patents. Dr. Lalonde holds an Honours B.S. from Lakehead University and a Ph.D. in Organic Chemistry from Texas A&M University.

## **Table of Contents**

### **CORPORATE GOVERNANCE MATTERS**

#### **Composition of the Board of Directors**

Our amended and restated certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control at our company. Of the members of our board of directors, Messrs. Baruch, Dorgan, Kelley, Smith and Wolf, Dr. Yang and Mmes. Glaub and Cheng are independent directors as defined under the listing standards of The Nasdaq Stock Market LLC ( NASDAQ ). There are no family relationships among any of our directors or executive officers.

#### **Board Leadership Structure**

The role of Chairman of our board of directors is separate from the Chief Executive Officer position in order to ensure independent leadership of the board of directors. Our board of directors has determined that its structure is appropriate to fulfill its duties effectively and efficiently, so that our Chief Executive Officer can focus on leading our company, while the Chairman can focus on leading the board of directors in overseeing management.

#### **Board Meetings**

Our board held six meetings during fiscal year 2015. During fiscal year 2015, all of our incumbent directors attended at least 75% of the combined total of (i) all board meetings held during the period for which each such director was a member of the board and (ii) all meetings of committees of the board of which the director was a member. Each board member is free to suggest the inclusion of items on the agenda for each board meeting. The board regularly meets in executive session without management or other employees present. The board encourages its members to attend its annual meetings of stockholders. Mr. Nicols was the only member of our board of directors to attend our 2015 annual meeting of stockholders.

#### **Board Committees**

Our board of directors has the following standing committees: an audit committee, a compensation committee, a nominating and corporate governance committee and a science and technology committee. The composition and responsibilities of the audit committee, the compensation committee, the nominating and corporate governance and science and technology committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

#### ***Audit Committee***

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee selects the independent registered public accounting firm; evaluates the independent registered public accounting firm's qualifications, independence and performance; determines the engagement of the independent registered public accounting firm; reviews and approves the scope of the annual audit and the audit fees; discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly consolidated financial statements; approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on our engagement team as required by law; reviews our consolidated financial statements and our management's discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC; reviews our critical accounting policies and estimates; and annually reviews the audit committee charter and the committee's performance. Additionally, our audit committee reviews the relevant facts and circumstances of any

## **Table of Contents**

related party transactions and reviews the conflicts of interest and corporate opportunity provisions of our Code of Business Conduct and Ethics. The current members of our audit committee are Byron L. Dorgan, Bernard J. Kelley and Dennis P. Wolf. Mr. Wolf serves as the chair of the committee. All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our board of directors has determined that Mr. Wolf is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under applicable NASDAQ rules. Each of the members of our audit committee qualifies as an independent director under the applicable rules and regulations of the SEC and NASDAQ listing standards relating to audit committee independence. Our audit committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act and operates under a written charter that satisfies the applicable standards of the SEC and NASDAQ. The audit committee charter can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The audit committee met five times during fiscal year 2015.

### ***Compensation Committee***

Our compensation committee reviews and recommends policies relating to compensation and benefits of our officers and employees. Our compensation committee reviews and approves corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates the performance of these officers in light of those goals and objectives, and sets the compensation of these officers based on such evaluations. Our compensation committee also reviews and approves the grants of stock options and other equity awards under our stock plans. Our compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. The current members of our compensation committee are Pam P. Cheng, Byron L. Dorgan and Bernard J. Kelley. Mr. Dorgan serves as the chair of the committee. Each of the members of our compensation committee is an independent director under the NASDAQ listing standards and an outside director under the applicable rules and regulations under the Internal Revenue Code of 1986, as amended, relating to compensation committee independence. Our compensation committee operates under a written charter, which can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The Compensation Committee met eight times during fiscal year 2015.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. The current members of our nominating and corporate governance committee are Thomas R. Baruch, Bernard J. Kelley and Patrick Y. Yang. Dr. Yang serves as the chair of the committee. Each of the members of our nominating and corporate governance committee is an independent director under NASDAQ listing standards relating to nominating and corporate governance committee independence. The nominating and corporate governance committee operates under a written charter, which can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The nominating and corporate governance committee met five times during fiscal year 2015.

### ***Science and Technology Committee***

Our science and technology committee assists our board of directors and management in understanding emerging or evolving scientific or technological issues of importance to the company, the status and progress of our research and development programs and our intellectual property position. In addition, the science and technology committee advises management on our technology development programs in order to enable us to achieve our long-term strategic technology development objectives. The current members of our science and technology committee are Patrick Y. Yang, Pam P. Cheng and Kathleen S. Glaub. Ms. Cheng serves as the chair

## **Table of Contents**

of the committee. The science and technology committee operates under a written charter, which can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). The science and technology committee was formed in October 2015 and met two times during fiscal year 2015.

### **Risk Oversight**

Our board of directors generally oversees corporate risk in its review and deliberations relating to our activities, including financial and strategic risk relevant to our operations. In addition, our board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. The audit committee oversees management of financial risks. Our compensation committee is responsible for overseeing the management of risks relating to our executive and other compensation plans and arrangements and employee retention. The nominating and corporate governance committee manages risks associated with the independence of our board of directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks. Our board of directors believes that administration of its risk oversight function has not affected the board of directors' leadership structure.

### ***Risk Assessment and Compensation Practices***

Our management assesses and discusses with our compensation committee our compensation policies and practices for our employees as they relate to our risk management and, based upon this assessment, we believe that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us in the future.

Our employees' base salaries are fixed in amount and thus we do not believe that they encourage excessive risk-taking. While performance-based cash bonuses and, in respect of our sales team, sales commissions, focus on achievement of short-term or annual goals, which may encourage the taking of short-term or annual risks at the expense of long-term results, we believe that our compensation policies help mitigate this risk and that our performance-based cash bonuses and, in respect of our sales team, sales commissions, are limited, representing a small portion of the total compensation opportunities available to most employees. We also believe that our performance-based cash bonuses and sales commissions appropriately balance risk and the desire to focus our employees on specific short-term goals important to our success, and do not encourage unnecessary or excessive risk-taking.

A portion of the compensation provided to our eligible employees is in the form of long-term equity-based incentives that we believe are important to help further align our employees' interests with those of our stockholders. We do not believe that these equity-based incentives encourage unnecessary or excessive risk taking because their ultimate value is tied to our stock price.

### **Director Nominations and Board Diversity**

Our nominating and corporate governance committee is responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current members), the nominating and corporate governance committee, in recommending candidates for election, and the board of directors, in approving (and, in the case of vacancies, appointing) such candidates, takes into account many factors, including: personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held company and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment; experience in Codexis' industry and relevant social policy concerns; experience as a board member of another publicly held company; academic expertise in an area of Codexis' operations; practical and mature business judgment, including the ability to make independent analytical

## **Table of Contents**

inquiries; and diversity of business or career experience relevant to the success of Codexis, such as public policy and government relations. The board of directors evaluates each individual in the context of the board of directors as a whole, with the objective of assembling a group that can best maximize the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

The nominating and corporate governance committee may decide to retain an executive search firm to identify director candidates, and if so, will identify the search firm and approve the search firm's fees and other retention terms and will specify for the search firm the criteria to use in identifying potential candidates, consistent with the director qualification criteria described above. The nominating and corporate governance committee will also consider director candidates recommended by stockholders. For a stockholder to make any nomination for election to the board at an annual meeting, the stockholder must provide notice to Codexis, which notice must be delivered to, or mailed and received at, Codexis' principal executive offices not less than 90 days and not more than 120 days prior to the one-year anniversary of the preceding year's annual meeting; provided, that if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, the stockholder's notice must be delivered, or mailed and received, not later than 90 days prior to the date of the annual meeting or, if later, the 10th day following the date on which public disclosure of the date of such annual meeting is made. Further updates and supplements to such notice may be required at the times and in the forms required under our bylaws. As set forth in our bylaws, submissions must include the name and address of the proposed nominee and the nominating person, information regarding the proposed nominee that is required to be disclosed in a proxy statement or other filings in a contested election pursuant to Section 14(a) under the Exchange Act, information regarding the proposed nominee's and the nominating person's indirect and direct interests in shares of our common stock, information regarding the relationships between the proposed nominee and the nominating person (and such nominating person's affiliates and those with whom the nominating person is acting in concert), and a completed and signed questionnaire, representation and agreement of the proposed nominee. Our bylaws also specify further requirements as to the form and content of a stockholder's notice. We recommend that any stockholder wishing to make a nomination for director review a copy of our bylaws, as amended and restated to date, which is available, without charge, upon request to our Secretary, at 200 Penobscot Drive, Redwood City, California 94063. Candidates recommended by our stockholders are evaluated in the same manner as candidates identified by a member of the nominating and corporate governance committee.

## **Compensation Committee Interlocks and Insider Participation**

During 2015, Thomas R. Baruch, Pam Cheng, Byron L. Dorgan and Bernard J. Kelley served as members of our compensation committee. None of the members of our compensation committee has at any time during the prior three years been an officer or employee of Codexis. None of our executive officers currently serves, or in the prior three years has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

## **Communication with the Board**

Interested persons, including stockholders, may communicate with our board of directors by sending a letter to our Secretary at our principal executive offices at 200 Penobscot Drive, Redwood City, California 94063. Our Secretary will submit all correspondence to the chairman of the board directors and to any specific director to whom the correspondence is directed.

## **Code of Business Conduct and Ethics**

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our code of business conduct and ethics can be found in the corporate governance section of our website at [www.codexis.com](http://www.codexis.com). In addition, our code of business conduct and ethics is available in print to any person without

## **Table of Contents**

charge upon request. Please direct all requests to our Secretary at our principal executive offices at Codexis, Inc., 200 Penobscot Drive, Redwood City, California 94063. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions, applicable to our directors and officers, on our website identified above.

### **Director Compensation**

Our non-employee director compensation policy, as in effect prior to October 2015, provided that each non-employee director received an annual cash retainer of \$50,000 per year, other than the chairman of our board of directors, who received an annual cash retainer of \$100,000 per year. Non-employee directors also received the following amounts: an additional annual cash retainer of \$16,000 per year for being a member of our compensation committee, other than the chairperson of our compensation committee, who received an additional annual cash retainer of \$25,000 per year; an additional annual cash retainer of \$5,000 per year for being a member of our nominating and corporate governance committee, other than the chairperson of our nominating and corporate governance committee, who received an additional annual cash retainer of \$10,000 per year; and an additional \$16,000 per year for being a member of our audit committee, other than the chairperson of our audit committee, who received an additional annual cash retainer of \$25,000 per year. These cash retainers are paid quarterly in arrears.

Effective as of October 1, 2015, our board of directors approved the following increases to the annual cash compensation to our non-employee directors: an annual cash retainer of \$110,000 to the chairperson of the board; an additional annual cash retainer of \$20,000 per year to members of our compensation committee, other than the chairperson of our compensation committee, who receives an additional annual cash retainer of \$30,000 per year; an additional annual cash retainer of \$10,000 per year to members of our nominating and corporate governance committee, other than the chairperson of our nominating and corporate governance committee, who receives an additional annual cash retainer of \$15,000 per year; \$20,000 per year to members of our audit committee, other than the chairperson of our audit committee, who receives an additional annual cash retainer of \$30,000 per year; and \$10,000 per year to members of the science and technology committee, other than the chairperson of our science and technology committee, who receives an additional cash retainer of \$15,000. Our non-employee directors, other than the chairman of the board of directors, remain eligible to receive an annual cash retainer of \$50,000 for their service as members of the board.

During fiscal 2015, each of Messrs. Baruch, Dorgan, Kelley and Wolf and Mmes. Cheng and Glaub received cash compensation pursuant to our non-employee director compensation policy as in effect during the applicable portion of the year.

In addition to the annual cash retainers, our non-employee director compensation policy provides that, upon election to our board of directors, each non-employee director is automatically granted an initial restricted stock award covering a number of shares of our common stock equal to \$100,000 divided by the per share closing trading price of our common stock on the date of grant. Such initial restricted stock awards vest as to one-third of the total number of shares subject to the award on the first anniversary of the date the director commences service on our board of directors, with the remainder of the award vesting and becoming exercisable at a rate of one-third of the total number of shares subject to the award each year thereafter. In addition, the policy provides that, on the date of each annual meeting of stockholders, each non-employee director is granted a restricted stock award covering a number of shares of our common stock equal to \$85,000 divided by the per share closing trading price of our common stock on the date of grant. Such annual restricted stock awards vest as to all of the shares subject to the award on the earlier of the first anniversary of the date of grant or the next annual stockholder meeting.

**Table of Contents**

The following table sets forth information regarding compensation earned by our non-employee directors who served during the fiscal year ended December 31, 2015:

**2015 Director Compensation Table**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	All Other Compensation (\$)	Total
Thomas R. Baruch	\$ 121,000	\$ 84,997	\$	\$ 205,997
Pam P. Cheng	45,380	84,997		130,377
Byron L. Dorgan	96,000	84,997		180,997
Kathleen S. Glaub	50,000	84,997		134,997
Bernard J. Kelley	82,000	84,997		166,997
Dennis P. Wolf	75,000	84,997		159,997
Patrick Y. Yang	60,000	84,997		144,997

- (1) The amounts reported in this column reflect the grant date fair value of stock awards granted during the fiscal year ended December 31, 2015 calculated in accordance with FASB ASC Topic 718 but excluding the impact of estimated forfeitures related to service-based vesting provisions. The valuation assumptions used in determining such amounts are described in Note 9 to our financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The following table sets forth the outstanding equity awards held by each of our non-employee directors as of December 31, 2015:

Name	Number of Shares Subject to Outstanding Options	Number of Shares of Restricted Stock Outstanding
Thomas R. Baruch	40,000	35,098
Pam P. Cheng		46,874
Byron L. Dorgan	120,000	35,098
Kathleen S. Glaub		49,716
Bernard J. Kelley	111,664	35,098
Dennis P. Wolf	106,664	35,098
Patrick Y. Yang		55,453

**ITEM 2****RATIFICATION OF INDEPENDENT****REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee of our board of directors has selected BDO USA, LLP, or BDO, as our independent registered public accounting firm for the year ending December 31, 2016, and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. BDO has audited our financial statements since the year ended December 31, 2013. A representative of BDO is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Stockholder ratification of the selection of BDO as our independent registered public accounting firm is not required by our bylaws or otherwise. However, the board is submitting the selection of BDO to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain BDO. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in our and our stockholders' best interests.





**Table of Contents****Principal Accounting Fees and Services**

BDO provided audit, audit-related, tax and other services to us during the fiscal years ended December 31, 2015 and 2014 as follows:

<b>Type of Fees</b>	<b>Fiscal 2015</b>	<b>Fiscal 2014</b>
Audit Fees	\$ 810,905	\$ 824,360
Audit-Related Fees		
Tax Fees		
All Other Fees		
<b>Total</b>	<b>\$ 810,905</b>	<b>\$ 824,360</b>

***Audit Fees***

This category includes fees associated with professional services rendered for the audit of our annual financial statements and the effectiveness of our internal control over financial reporting, and for the review of our interim financial statements included in our Quarterly Reports on Form 10-Q. This category also includes fees associated with the audit of our annual financial statements or the review of our interim financial statements.

***Audit-Related Fees***

There were no fees for services rendered by BDO that fall into the classification of audit-related fees for the fiscal years ended December 31, 2015 and 2014.

***Tax Fees***

There were no fees for services rendered by BDO that fall into the classification of tax fees for the fiscal years ended December 31, 2015 and 2014.

***All Other Fees***

There were no fees for services rendered by BDO that fall into the classification of all other fees for the fiscal years ended December 31, 2015 and 2014.

***Pre-Approval Policies and Procedures***

Before an independent registered public accounting firm is engaged by Codexis or its subsidiaries to render audit or non-audit services, our audit committee must review the terms of the proposed engagement and pre-approve the engagement. Our audit committee may delegate authority to a member of the audit committee to provide such pre-approvals for audit or non-audit services, provided that such person will be required to report all such pre-approvals to the full audit committee at its next scheduled meeting. Audit committee pre-approval of non-audit services (other than review and attest services) are not required if such services fall within available exceptions established by the SEC. All fees paid to BDO for audit and non-audit services provided during fiscal years 2015 and 2014 were pre-approved by the audit committee in accordance with the policy described above.

**Board Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016.**

**Table of Contents**

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

***Executive Summary***

*The following overview highlights and summarizes information regarding executive compensation and does not purport to contain all of the information that is necessary to gain an understanding of our executive compensation policies and decisions. Please carefully read the Compensation Discussion and Analysis section and the compensation tables and related disclosures that follow for a more complete understanding of our executive compensation program.*

Codexis, Inc. develops biocatalysts for the pharmaceutical and fine chemicals markets. Our business requires a talented, motivated and capable leadership team. To that end, our executive compensation program plays a vital role in our ability to attract, retain and motivate top talent for continued business success.

***2015 Performance Highlights***

Due in part to the actions of our named executive officers to refocus the company's resources towards continuing to grow our strong biocatalysis business through new collaborations, exploring new commercial opportunities in the pharmaceuticals and fine chemicals markets, and improving our CodeEvolver<sup>®</sup> directed evolution technology platform in order to strengthen our core technology capabilities, the company had strong financial and operational performance in 2015.

The company's stock price increased from \$2.52 on December 31, 2014 to \$4.23 on December 31, 2015, reflecting a one-year total stockholder return of 68%.

The company achieved an 18% increase in revenues from \$35.3 million in 2014 to \$41.8 million in 2015. Total revenues for 2015 included \$25.6 million in biocatalyst research and development revenue, \$11.4 million in biocatalyst product sales and \$4.8 million from the revenue-sharing arrangement with Exela.

Gross profit as a percentage of total revenues for 2015 increased to 84% from 72% for 2014.

Total operating expenses decreased from a total of \$44.7 million to \$43 million. R&D expenses decreased from \$22.8 million to \$20.7 million and SG&A expenses increased modestly from \$21.9 million to \$22.3 million.

The company's net loss decreased by 60% to \$7.6 million, or a loss of \$0.19 per share, in 2015, compared to a net loss of \$19.1 million, or a loss of \$0.50 per share, in 2014.

Cash and cash equivalents at December 31, 2015 were \$23.3 million, compared with \$26.5 million as of December 31, 2014. The company achieved the following operating highlights in 2015 as well.

The company entered into a License Agreement (the "Merck License Agreement") with Merck Sharp & Dohme Corp. ("Merck") in August 2015, pursuant to which we granted Merck a non-exclusive worldwide license to use our CodeEvolver protein engineering technology platform to develop novel enzymes. We received a \$5.0 million up-front fee upon signing the Merck License Agreement and subsequently a \$5.0 million non-creditable, non-refundable milestone payment upon achievement of a milestone in 2015.

The company continued its technology transfer process under its CodeEvolver license agreement with GlaxoSmithKline which was signed in 2014. We received a \$6.5 million, non-creditable, non-refundable milestone payment upon achievement of a milestone in 2015.

---

**Table of Contents**

The company announced its first collaborative R&D agreement with a leading biopharmaceutical company in August 2015.

The company expanded its revenue base in the food ingredient sector with total revenues of \$3.5 million with two customers in 2015.

The company has developed a novel enzyme therapeutic product candidate for the potential treatment of phenylketonuria ( PKU ) via oral administration. PKU is an inherited metabolic disorder in which the enzyme that converts the essential amino acid phenylalanine into tyrosine is deficient. As a result, phenylalanine accumulates in high levels in the brain causing serious neurological problems, including intellectual disability, seizures and cognitive and behavioral problems. We continue to invest in the evaluation of our preclinical therapeutic enzyme candidate for the potential treatment of PKU. In addition to the PKU program, we are planning to make modest additional investments in 2016 with the aim of generating product candidates targeting other therapeutic areas.

*Commitment to Pay-for-Performance.* We have structured our executive compensation programs to provide our named executive officers appropriate incentives to drive positive and sustainable long-term results. We believe that our executive compensation program is appropriately sensitive to company financial performance and long-term stockholder returns, as the largest portion of our named executive officers compensation is in the form of performance-based cash and equity-based long-term incentive awards, including stock options and performance stock units.

The key components of our compensation program for our named executive officers and actions taken in 2015 with respect to those components are as follows:

*Limited Base Salary Increases.* Base salaries represent a fixed component of our executive compensation program that are intended to keep us competitive with the market while remaining cost effective and providing security to our named executive officers as a predictable stream of income. During 2015, the salaries of Messrs. Sangster and Lalonde were increased in order to reflect the increased responsibilities taken on by both executives during 2015. See Annual Cash Compensation Base Salary below for additional information.

*Annual Cash Incentive Bonuses Reflected 2015 Company and Individual Performance.* Our named executive officers participate in an Executive Incentive Compensation Plan ( EICP ). For 2015, our compensation committee determined that the company had achieved a 96% achievement factor overall based on our achievement of key goals relating to (i) delivering critical financial results; (ii) strengthening our biocatalyst business; (iii) building our CodeEvolver licensing business; (iv) advancing new therapeutics development; (v) promoting financial stewardship and (vi) promoting corporate stewardship. Our named executive officers' bonuses are also determined in part using an individual performance factor that is assigned by our compensation committee upon its review of each named executive officer's individual contribution to our overall success. For 2015, our compensation committee determined that our named executive officers had achieved individual achievement factors of between 100% and 120%. Accordingly, each of our named executive officers received a cash bonus for 2015 reflecting both corporate and individual performance. See discussion below under Annual Cash Incentive Bonuses for 2015 for more information related to the 2015 cash incentive bonuses. We believe that the contingent nature of the award of EICP cash bonuses for 2015 reflects our continued emphasis on pay-for-performance.

*Equity Awards as a Key Component of Compensation.* Our compensation committee provides a significant portion of our named executive officers' target total direct compensation opportunity in the form of equity awards which we believe helps align the interests of our named executive officers with our stockholders and provide our named executive officers incentive to drive long-term growth in our stock price.

*Performance Stock Units.* Further demonstrating our board of directors' commitment to our pay-for-performance philosophy, in 2015, we continued granting to each of our named executive officers performance stock units as part of the executives' incentive program, the value of which may only be realized if the applicable performance metrics are achieved or exceeded.

## **Table of Contents**

*Commitment to Strong Governance Standards.* We are committed to having strong governance standards with respect to our executive compensation policies and practices. The company has a number of executive compensation practices that we believe reflect the interests of our stockholders and governance best practices, including:

We use a mix of fixed and variable compensation, with an emphasis on variable, at-risk performance-based compensation.

Other than with Mr. Nicols, we have no agreements or entitlements with any named executive officer currently employed by us to provide severance payments other than upon a separation of service in connection with a change in control.

We have no gross up agreements or entitlements of excise taxes on severance or other payments in connection with a change in control.

We do not offer any other gross up agreements or entitlements on perquisites and benefits, except for relocations that are under our control and are at our direction.

We require a double-trigger (both a change in control and qualifying termination) for any payments of severance benefits for each of our named executive officers other than Mr. Nicols and for accelerated vesting of equity awards, where the surviving or acquiring entity substitutes or assumes outstanding equity awards.

We provide for multi-year vesting periods for equity award grants to reinforce a culture in which the company's executives remain focused on the company's long-term success.

We offer minimal perquisites to our named executive officers.

We do not maintain any pension benefits or nonqualified deferred compensation plans.

Our compensation committee engaged its own independent compensation consultant, Compensia, Inc. (Compensia), which performs an annual comprehensive market analysis of our executive compensation programs and pay levels. Our compensation committee determined that Compensia is independent and that there is no conflict of interest resulting from retaining Compensia during 2015, after review and consultation with Compensia.

Based on our annual risk assessment, our compensation programs do not present any risk that is reasonably likely to have a material adverse effect on the company.

Mr. Nicols, our President and Chief Executive Officer, is subject to significant stock ownership guidelines.

*2015 Executive Compensation Program Summary.* Our executive compensation program is designed to attract and retain talented individuals to lead, manage and operate all aspects of our business and reward and retain those individuals who continue to meet our high expectations over time. Our executive compensation program combines short- and long-term components, cash and equity and fixed and contingent payments in the amounts and proportions that we believe are most appropriate to incentivize, retain and reward our named executive officers for achieving our objectives. Our executive compensation program also is intended to make us competitive in our industry, where there is considerable competition for talented executives.

## Edgar Filing: CODEXIS INC - Form DEF 14A

Our named executive officers for fiscal 2015 were:

John J. Nicols, President and Chief Executive Officer;

Gordon Sangster, Senior Vice President and Chief Financial Officer;

James J. Lalonde, Senior Vice President, Research and Development; and

Douglas T. Sheehy, former Executive Vice President, Chief Administrative Officer, General Counsel and Secretary.

---

**Table of Contents**

Mr. Sheehy resigned his position as Executive Vice President, Chief Administrative Officer, General Counsel and Secretary effective April 8, 2016.

***Stockholder Advisory Vote on Executive Compensation***

At our 2011 annual meeting of stockholders, our stockholders voted in non-binding advisory votes (i) to approve the compensation of our named executive officers and (ii) in favor of having a non-binding stockholder vote on executive compensation once every three years. Our compensation committee reviewed the result of the 2014 stockholders' advisory vote on the compensation of our named executive officers and, in light of the approval by a substantial majority of our stockholders of the compensation programs described in our 2014 proxy statement (representing approximately 98% of the shares represented in person or by proxy at the meeting and entitled to vote), did not implement any significant changes to our executive compensation program as a result of the stockholders' advisory vote. The incentive and equity-based compensation earned by each of the named executive officers for fiscal year 2015 reflected our financial and operating performance. Consistent with the stated preference of a majority of our stockholders (representing over 63% of the shares represented in person or by proxy at the meeting and entitled to vote), our compensation committee determined that we will hold a say-on-pay vote every three years. Our next advisory vote on compensation will be held at the 2017 annual meeting of stockholders.

***Objectives and Philosophy of Our Executive Compensation Program***

Our compensation program for our named executive officers is designed to achieve the following objectives:

attract, engage and retain executives of superior ability, experience and managerial talent enabling us to be an employer of choice in our highly-competitive and dynamic industry;

motivate and reward executives whose knowledge, skills and performance ensure our continued success;

encourage and inspire our executives to achieve key corporate performance objectives by linking base salary increases and incentive award opportunities to the achievement of individual and company-wide short- and long-term goals; and

align the interests of our executives and stockholders by providing a significant portion of total compensation opportunities for our executive officers in the form of direct ownership in our company through stock options and other equity incentive awards, which will motivate executives to increase stockholder value.

***Components of Our Executive Compensation Program***

The components of our executive compensation program consist primarily of base salaries, annual cash incentive bonuses, equity awards and broad-based benefits programs. We combine short-term compensation components (such as base salaries and annual cash incentive bonuses) and long-term compensation components (such as equity incentive awards) to provide an overall compensation structure that is designed to both attract and retain key executives as well as provide incentive for the achievement of short- and long-term corporate objectives.

Our compensation committee is responsible for evaluating and administering our compensation programs and practices for our named executive officers. Our compensation committee uses its judgment and experience and the recommendations of our Chief Executive Officer with respect to the compensation for our named executive officers (other than himself) to determine the appropriate mix of short- and long-term compensation components for each named executive officer. Short- and long-term compensation components are balanced to encourage each named executive officer to use his time and talents to accomplish both our short- and long-term corporate objectives. Our



**Table of Contents**

Chief Executive Officer and General Counsel generally attend our compensation committee meetings to provide input on factors that may influence our compensation committee members' consideration of compensation programs and individual compensation, including individual performance (other than with respect to their own performance), financial, legal and compensation parity considerations. In addition, our Chief Financial Officer occasionally attends such compensation committee meetings depending on the issues being discussed. Each such named executive officer is not present at the meetings at the time that his or her own compensation is being reviewed by the compensation committee. Our compensation committee analyzes each of the primary elements of our compensation program to ensure that our executive officers' overall compensation is competitive with executive officers in similar positions at comparable companies in our labor market and to ensure internal compensation equality among incentive awards for our employees, including our named executive officers.

Our compensation committee determines compensation for our executive officers, including our named executive officers, in large part based upon our financial resources, as well as competitive market data. Our compensation committee has engaged Compensia to provide competitive market data and to provide advisory support to the compensation committee with regards to the compensation of our named executive officers. Compensia works directly with our compensation committee and did not provide any other services to us during 2015. After review and consultation with Compensia, the compensation committee determined that Compensia is independent and that there is no conflict of interest resulting from retaining Compensia currently or during 2015. In reaching these conclusions, our compensation committee considered the factors set forth in the SEC rules and NASDAQ listing standards.

In December 2014, based on the recommendation of Compensia, our compensation committee adopted a peer group of companies to serve as a reference when reviewing the compensation levels for our named executive officers for 2015, which extends beyond life sciences companies and includes public biotechnology and select biofuels/chemical companies. The companies that form our 2015 compensation peer group were selected based on having similar business models and financial characteristics. Following best practices, we specifically selected companies that generally fell within the range of 0.5 - 2.0x of our company in terms of both revenue and within the range of 0.5 - 5.0x of market capitalization. The 2015 compensation peer group consisted of the following companies:

Affymetrix	Exelixis
Albany Molecular Research	Ligand Pharmaceutical
Amyris	Luminex
Array BioPharma	Meridian Bioscience
BioAmber	Peregrine Pharmaceutical
Cambrex	Solazyme
Emergent BioSolutions	XenoPort
Enzo Biochem	

As compared to our 2014 peer group, Alexza Pharmaceuticals, ArQule and Sucampo Pharmaceuticals were removed because their revenue fell outside our targeted range, and Dyax, OncoGenex Pharmaceuticals, Repligen, Sangamo BioSciences and XOMA were removed because their market capitalization fell outside our targeted range. Cadence Pharmaceuticals was removed because it is no longer publicly traded. Vanda Pharmaceuticals, Zogenix, Gevo and Kior were removed because they were no longer representative of our business focus. Affymetrix, Albany Molecular Research, Array BioPharma, BioAmber, Cambrex, Emergent BioSolutions, Enzo Biochem, Exelixis, Ligand Pharmaceutical, Luminex, Meridian Bioscience, Peregrine Pharmaceutical and XenoPort were added to our 2015 compensation peer group based upon the similarity of their business models and/or financial performance.

In determining the 2015 compensation for our named executive officers, we believe that the practices of the companies in the compensation peer group provided our compensation committee with relevant compensation information, not only because of the similarity of their business models and financial characteristics, but because several of these companies have similar organizational structures and tend to compete with us for executive talent.

**Table of Contents**

Our compensation committee works within the general framework of this market-competitive philosophy to determine each component of our named executive officers compensation packages based on numerous factors, including:

the demand for the particular skill sets we need within the marketplace;

performance goals and other expectations for the position and the individual;

the individual's background and relevant expertise, including training and prior relevant work experience;

the individual's role with us and the compensation paid to similar persons at the companies that participate in the surveys that we review; and

comparison to other executives within our company having similar levels of expertise and experience.

During 2015, our compensation committee reviewed all aspects of our executive compensation program, including base salaries, annual cash incentive bonuses and equity incentive targets for each of our named executive officers. To attempt to ensure that we retain and attracted top talent in 2015 the compensation committee approved adjustments to our executive compensation program to reflect competitive pressures and ensure internal equity among executives with similar levels of responsibility and authority.

Each of the primary elements of our executive compensation program is discussed in more detail below. While we have identified particular compensation objectives that each element of executive compensation serves, our compensation programs are designed to be flexible and complementary and to collectively serve all of the executive compensation objectives described above. Accordingly, whether or not specifically mentioned below, we believe that, as a part of our overall executive compensation policy, each individual element of our executive compensation program, to a greater or lesser extent, serves each of our objectives as set forth above.

***Annual Cash Compensation***

***Base Salary***

The base salaries of our named executive officers are reviewed annually and adjusted when necessary to reflect individual roles and performance, and the competitive market. Our compensation committee also reviews each named executive officer's annual base salary in comparison with other executives who are at the same level at our company and seeks parity among executives within our company who have similar levels of responsibility and authority. Our compensation committee believes that a competitive base salary is a necessary element of any compensation program designed to attract and retain talented and experienced executives. We also believe that competitive base salaries can motivate and reward executives for their overall performance.

In February 2015, our compensation committee reviewed the base salaries of each of Messrs. Nicols, Sangster and Sheehy and Dr. Lalonde in light of the salaries paid to similarly situated executives at our peer group of companies and the roles played by the named executive officers in our company. Our compensation committee approved the following limited merit-based base salary increases for our named executive officers, which were consistent with similar merit-based increases made to our other employees: Mr. Nicols: 3%; Mr. Sangster: 6%; Mr. Sheehy: 4%; and Dr. Lalonde: 6%.

The following table sets forth the base salaries for 2015 for each of our named executive officers:

<b>Name of Executive Officer</b>	<b>2015 Base Salary</b>
John J. Nicols	\$ 610,000
Gordon Sangster	345,000

Edgar Filing: CODEXIS INC - Form DEF 14A

Douglas T. Sheehy	405,000
James J. Lalonde	275,000

**Table of Contents***Annual Cash Incentive Bonuses*

Our compensation philosophy with respect to annual cash incentive bonuses is consistent with our overall compensation program philosophy. The annual cash incentive bonus is directed at tying individual compensation to both corporate and individual performance while maintaining market-competitive compensation. Performance, as measured against individual and corporate goals, directly affects the level of bonus payment.

*Annual Cash Incentive Bonuses for 2015*

In June 2010, our compensation committee adopted the Executive Incentive Compensation Plan. The Executive Incentive Compensation Plan is comprised of three elements that factor into the cash incentive bonus paid to our named executive officers: the annual cash incentive bonus targets, the company performance factor and the individual performance factor, each of which is set by our compensation committee.

For 2015, our compensation committee retained the same target bonus percentages as in 2014 for Messrs. Nicols and Sheehy. Mr. Sangster's target bonus percentage was increased from 40 to 45%, and Dr. Lalonde's target bonus percentage was increased from 35% to 40% in order to reflect the increased responsibilities taken on by both executives during 2015. Target bonus percentages generally correlate to the level of responsibility of the named executive officer, with higher target bonus percentages reserved for executives having more responsibility. The following table sets forth the annual cash incentive bonus target for each of our named executive officers for 2015:

<b>Name of Executive Officer</b>	<b>2015 Bonus Target (as % of 2015 Base Salary)</b>
John J. Nicols	75%
Gordon Sangster	45
Douglas T. Sheehy	50
James J. Lalonde	40

The target bonus percentages for each of our named executive officers, other than our Chief Executive Officer, are established based on our Chief Executive Officer's evaluation of each executive's position within the company, the corporate goals over which that executive has control or influence and the market practices of the companies in our compensation peer group, as well as consideration of the target bonus percentages and individual performance factors of executives with similar levels of responsibility within the company to ensure parity between executives at similar position levels. Our compensation committee considers each of these factors in setting the target bonus percentage for our Chief Executive Officer.

The 2015 company performance factor was calculated based upon our company's achievement of goals in six key areas:

Delivering critical financial results, consisting of revenue growth and non-GAAP income growth;

Strengthening our biocatalyst business through securing new product supply contracts, increasing customers with significant sales and qualifying new suppliers;

Building our CodeEvolver licensing business by executing key licenses and expanding our licensing deal pipeline;

Advancing new therapeutics development by driving preclinical development of key drug candidates, partnering therapeutic assets and advancing our new therapeutics pipelines;

Promoting financial stewardship by ensuring sufficient year end cash, increasing the number of research analysts covering the company and enhancing major shareholders' long-term alignment; and

Promoting corporate stewardship in the areas of safety, employee development and technological advancements made to CodeEvolver.

**Table of Contents**

The weightings of each of the goals in each of the six key areas under the Executive Incentive Compensation Plan are set forth in the table below.

<b>Goal</b>	<b>Weight</b>
Delivering critical financial results	35%
Strengthening our biocatalyst business	15%
Building our CodeEvolver licensing business	15%
Advancing new therapeutics development	15%
Promoting financial stewardship	10%
Promoting corporate stewardship	10%

Our critical financial results goals consist of two sub-goals of revenue growth (weighted at 15%) and non-GAAP net income growth (weighted at 20%). The threshold, target and superior levels for these goals are set forth in the table below:

	<b>Threshold Achievement</b>	<b>Target Achievement</b>	<b>Superior Achievement</b>
<b>Critical Financial Results Goals</b>	<b>(50%)</b>	<b>(100%)</b>	<b>(150%)</b>
Revenue Growth	\$ 39 million	\$ 46.1 million	\$ 50.7 million
Non-GAAP Income Growth(1)	Positive	\$ 3.5 million	\$ 7.0 million

- (1) Non-GAAP net income excludes non-cash items such as depreciation expense, amortization expense and stock-based compensation expense, as well as non-recurring, non-cash impairment and change in fair value of assets held for use and the 2014 gain on sale of our Hungarian subsidiary. These excluded items can be derived from the details of the Consolidated Statements of Cash Flows in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. In addition, for purposes of calculating our performance against our critical financial results goals, non-GAAP net income excludes additional accruals of compensation expense resulting from the calculation of annual cash incentive bonuses for 2015.

In setting these financial and non-financial goals and their relative weights, our compensation committee considered the company's strategic vision and key areas necessary to our growth and financial success. The specific financial and non-financial goals that comprise the corporate performance factor are intended to be difficult to achieve and require above what our compensation committee has determined to be average performance to meet the minimum acceptable standard.

The individual performance factor of the bonus was determined by our Chief Executive Officer, or in the case of our Chief Executive Officer's performance, our compensation committee's assessment of the overall performance of each of our named executive officers based on individual goals established for each executive by our compensation committee. As in the determination of the target bonus percentages, these individual goals are established based on our Chief Executive Officer's and our compensation committee's evaluation of each executive's position within the company, the corporate goals over which that executive has control or influence and the market practices of the companies in our peer group. In setting individual performance factors and target bonus percentages for our named executive officers, our Chief Executive Officer, or in the case of our Chief Executive Officer's factor and target, our compensation committee also considered the target bonus percentages and individual performance factors of executives with similar levels of responsibility within the company to ensure parity between executives at similar position levels. The individual goals that comprise the individual performance factor for any one named executive officer are too numerous for any single individual goal to have a material impact on a named executive officer's total compensation but, taken as a whole, provide our Chief Executive Officer and our compensation committee insight into the individual performance level of our named executive officers. Examples of individual goals include achieving departmental budgets for revenues and margin, meeting sales and/or testing objectives, achieving milestones related to the development of new products, achieving recognition for a product or facility, securing supplies, meeting expansion goals and achieving or maintaining a professional standard. The individual goals that comprise the individual performance factor are intended to be difficult to achieve and require above what our compensation committee has determined

**Table of Contents**

to be average performance to meet the minimum acceptable standard. Achievement of the goals is determined by assessing whether a majority of individual goals were met or exceeded and is subject to upward and downward discretion by the Chief Executive Officer or our compensation committee.

Failure to achieve the threshold result for any goal that comprises the company non-financial performance factor will result in a zero for that particular goal, but will not alone result in zero total bonus. The bonus amount is determined as follows:

$$\text{Bonus Amount} = (\text{Base Salary}) \times (\text{Target Percentage}) \times (\text{Company Performance Factor Achievement Level}) \times (\text{Individual Performance Factor Achievement Level})$$

The maximum company performance factor achievement level and individual performance factor achievement level are 150% and 125%, respectively.

In February 2016, our compensation committee determined that we had achieved our corporate performance goals for 2015 at an achievement factor of 96% overall, as set forth in greater detail below. With respect to each of the components of the critical financial results goal, we achieved revenue of \$41.8 million, corresponding to an achievement level of 70%, and non-GAAP income of \$3.2 million, corresponding to an achievement level of 91%.

Goal	Weight	Weighted Actual Achievement
Delivering critical financial results	35%	29.6%
Strengthening our biocatalyst business	15%	13.6%
Building our CodeEvolver licensing business	15%	17.5%
Advancing new therapeutics development	15%	9.9%
Promoting financial stewardship	10%	12.1%
Promoting corporate stewardship	10%	13.0%
<b>Total</b>	<b>100%</b>	<b>96%</b>

In February 2016, our Chief Executive Officer and our compensation committee further evaluated the individual performance of our named executive officers for 2015 and determined, based on the attainment of the individualized goals established by our Chief Executive Officer and our compensation committee that our named executive officers had achieved the individual performance factor percentages set forth in the table below. In determining the individual performance factor achievement, our compensation committee found that our named executive officers had attained or exceeded their individual goals.

The following table sets forth the 2015 bonus targets and actual bonuses paid to our named executive officers:

Name of Executive Officer	Bonus Target (Base Salary x Target %) (\$)	2015 Individual Performance Factor (%)	2015 Company Performance Factor (%)	Bonus Payment (\$)
John J. Nicols	\$ 457,500	100%	96%	\$ 439,000
Gordon Sangster	155,250	120	96	179,000
Douglas T. Sheehy	202,500	100	96	194,000
James J. Lalonde	110,000	110	96	116,000

We believe that our annual cash incentive bonus plans help to attract and motivate our executives, encourage and inspire our executives to achieve key corporate performance objectives and to align the





---

**Table of Contents**

compensation payable to our executives with our corporate objectives, thereby maximizing stockholder value. By reevaluating the corporate and individual goals under our bonus program for executives each fiscal year, we believe we provide sufficient and attainable incentives for our executives that align with both our financial and non-financial goals.

***Equity Incentive Compensation***

We believe that our long-term performance is best facilitated through a culture of executive equity ownership that encourages long-term investment by our named executive officers in our equity, thereby better aligning the named executive officers' interests with the interests of our stockholders. To encourage this ownership culture, we typically make an initial equity award of stock options to eligible new employees and periodic grants at other times, as approved by our compensation committee. Our compensation committee approves all equity grants to our employees including our named executive officers. These grants have an exercise price equal to the closing trading price of our common stock on the date of grant. Grants of options are typically subject to a four-year vesting schedule with 1/4th of the grant vesting upon the first anniversary of the vesting commencement date and the remainder of the shares vesting at a rate of 1/48th of the total shares subject to the option each month after the one-year anniversary of the vesting commencement date, subject to the continued service of the named executive officer. Vesting commencement dates generally correlate to the date of hire, date of promotion or date of grant. In keeping with our market-competitive philosophy, our compensation committee established the foregoing vesting schedules because it determined such vesting represents market practice in our industry based on the experience of the members of our compensation committee.

The size of the initial stock option award is determined based on the named executive officer's position with us and takes into account his base salary and other compensation as well as an analysis of the grant and compensation practices of the then-current compensation peer group. The initial stock option awards are intended to provide the named executive officer with an incentive to build value in the organization over an extended period of time while remaining consistent with our overall compensation philosophy.

In February 2015, our compensation committee awarded grants of options and performance stock units, or PSUs, to each of our named executive officers. While no single factor determined the size of these awards, our compensation committee generally considered the following factors in making such awards: internal equity among our named executive officers, their percentage of equity holdings (both vested and unvested), the vesting schedule of unvested stock options, whether each named executive officer's equity holdings provide adequate incentive and retention value, individual performance, tenure with our company and the critical nature of each named executive officer's role at our company, and the periodic equity incentive award practices observed by the companies in our 2015 compensation peer group.

Our named executive officers received the following awards in the following amounts: Mr. Nicols (an option to purchase 306,000 shares and 280,000 PSUs), Mr. Sangster (an option to purchase 133,000 shares and 82,000 PSUs), Mr. Sheehy (an option to purchase 140,000 shares and 86,000 PSUs) and Dr. Lalonde (an option to purchase 70,000 shares and 43,000 PSUs). The option grants to each named executive officer had an exercise price of \$3.39 per share, which represents the closing price of our stock on the date of grant, while the PSUs do not have an exercise or purchase price. Pursuant to the terms approved by our compensation committee on the date of grant, these stock options are scheduled to vest such that 1/4th of the shares subject to the option vested on February 11, 2015 and the remainder of the shares will vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer's continued service to our company on each vesting date.

Additionally, the PSUs were scheduled to vest such that 1/2 of the PSUs subject to the award would vest on March 5, 2016, and the remainder of the PSUs would vest on March 5, 2017, subject to the named executive officer's continued service to our company on each vesting date and the company achieving the performance goals for calendar year 2015 established by the compensation committee at the time of grant. The performance

**Table of Contents**

goals set for the PSUs consisted of (1) revenue growth (weighted at 30%), (2) non-GAAP income growth (weighted at 30%), (3) expanding CodeEvolver licensing (weighted at 20%), and (4) securing credible drug development partnerships (weighted at 20%). The threshold, target and performance levels of the revenue growth and non-GAAP income growth goals were the same as the levels under our Executive Incentive Compensation Program, as described above. The number of shares issuable in respect of the PSUs was determined by multiplying number of PSUs subject to the award by a multiplier, which is calculated as the sum overall performance goals of (i) the weight of each performance goal multiplied by (ii) the applicable achievement percentage. The achievement percentage for each performance goal is 0% if achieved at less than threshold, 50% if achieved at threshold, 100% if achieved at target level, and 200% if achieved at or above the superior level. For the revenue growth and non-GAAP income growth goals, achievement between the foregoing levels was determined using linear interpolation.

Based on the 2015 achievement of our PSU performance goals, including revenue of \$41.8 million and non-GAAP income of \$3.2 million, in February 2016, our compensation committee determined that 92.8% of the PSUs had been earned, such that 0.928 shares of our common stock will be issued for each PSU that vests on March 5, 2016 and March 5, 2017. Our achievement of the PSU performance goals is set forth in greater detail below.

Performance Goal	Weight	Weighted Actual Achievement
Revenue growth	30%	20.9%
Non-GAAP income growth	30%	28.7%
Expanding CodeEvolver licensing	20%	30.0%
Securing credible drug development partnerships	20%	13.2%
<b>Total</b>	<b>100%</b>	<b>92.8%</b>

**Termination-Based Compensation**

Our compensation committee provides our named executive officers with termination of employment protection when it determines that such protection is necessary to attract or retain an executive.

We believe that concerns about potential job loss or the possibility or occurrence of a change in control of the company can create uncertainty for our executive officers that may unduly affect their performance. For example, the possibility of a change in control of the company may create uncertainty for our named executive officers regarding their continued employment because such transactions frequently result in changes in senior management. Consequently, we have entered into change in control agreements with our named executive officers, which provide severance payments and benefits in the event the employment of a named executive officer is terminated without cause, he resigns with good reason, or he terminates his employment as the result of death or disability (as such terms are defined in the applicable change in control agreement), in each case within 12 months following or in certain circumstances, when the employment of the named executive officer is terminated without cause or resigns with good reason within a short period prior to, a change in control of our company, defined generally as our dissolution or liquidation; a sale of all or substantially all of our assets; a merger, acquisition or consolidation in which the beneficial ownership of our securities representing at least 50% of the combined voting power entitled to vote in the election of our directors has changed; or if current members of our board of directors, or their successors if approved by the vote of at least 50% of the current board, cease to constitute at least 50% of our board of directors, each as further set forth in the individual agreements.

We are also a party to an employment agreement with Mr. Nicols, which provides for certain payments and benefits in the event his employment is terminated without cause or he resigns for good reason, or he terminates his employment as a result of death or disability, each as defined in his employment agreement, either within or outside the 12 months following the change in control of our company.

---

## **Table of Contents**

The severance payments and benefits that are payable under the change in control agreements and Mr. Nicols' employment agreement are further described below in the section entitled "Change in Control and Severance Arrangements."

### ***Other Compensation***

All of our named executive officers are eligible to participate in certain benefit plans and arrangements offered to employees generally, including health, dental, life and disability insurance and our 401(k) plan. We currently provide company contributions to the 401(k) plans for all employees, including our named executive officers. We also currently pay 82% of the monthly premium, with respect to coverage for the employee-only portion of coverage for all employees, including our named executive officers, for medical, dental, vision, life and long-term disability insurance. Should medical insurance premium rates increase, employees, including named executive officers, may be required to contribute to the cost of increased premiums to retain coverage. Consistent with our market-competitive compensation philosophy, we intend to continue to maintain these benefit plans and arrangements for our employees, including our named executive officers.

Our compensation committee in its discretion may revise, amend or add to any executive's benefits and perquisites if it deems it advisable. We currently do not believe it is necessary for the attraction or retention of management talent to provide our named executive officers with a substantial amount of compensation in the form of perquisites or other personal benefits.

### ***Tax and Accounting Considerations***

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, generally disallows a tax deduction for compensation in excess of \$1.0 million paid to certain executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. Our board of directors and our compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Section 409A of the Code imposes additional taxes on certain non-qualified deferred compensation arrangements that do not comply with its requirements. These requirements regulate an individual's election to defer compensation and the individual's selection of the timing and form of distribution of the deferred compensation. Section 409A generally also provides that distributions of deferred compensation only can be made on or following the occurrence of certain events (e.g., the individual's separation from service, a predetermined date or fixed schedule, a change-in-control, or the individual's death or disability). For certain executives, Section 409A requires that such individual's distribution of certain non-qualified deferred compensation amounts commence no earlier than six months after such officer's separation from service. We have and will continue to endeavor to structure our compensation arrangements to be exempt from or comply with Section 409A so as to avoid the adverse tax consequences associated therewith. We have not provided any executives or other employees with any gross-up in connection with Section 409A.

We account for stock-based compensation in accordance with FASB ASC Topic 718, which requires us to recognize compensation expense for share-based payments (including stock options and other forms of equity compensation). Our compensation committee takes into account the expense taken under FASB ASC Topic 718 when determining equity grants.

### ***Stock Ownership Guidelines***

Pursuant to Mr. Nicols' employment agreement, he is required by June 13, 2017 to own shares of our common stock equal to the lesser of (i) that number of shares having a fair market value equal to five times his annual base salary or (ii) 1,333,333 shares. Upon any increase in Mr. Nicols' base salary, he will have five years

**Table of Contents**

from the date of the increase to meet these requirements. If his ownership of our common stock falls below the amount required, he must retain at least 50% of the shares of our common stock issued to him upon vesting or exercise of equity awards until the requirements are met.

**2015 Summary Compensation Table**

The following table summarizes the compensation that we paid to our named executive officers during the fiscal year ended December 31, 2015. We refer to these officers in this proxy statement as our named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan	All Other Compensation	Total (\$)
						Compensation (\$)(2)	Compensation (\$)	
John J. Nicols President and Chief Executive Officer	2015	610,000		949,200	628,004	439,000	12,040(3)	2,638,244
	2014	592,000		788,000	582,050	404,000	10,560	2,376,610
	2013	592,000	62,500	556,800	367,200	387,000	842	1,966,342
Gordon Sangster Senior Vice President and Chief Financial Officer	2015	345,000		277,980	272,956	179,000	12,040(3)	1,086,976
	2014	121,875	50,000	245,000	174,133	44,000	5,475	640,483
Douglas T. Sheehy Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	2015	405,000		291,540	287,322	194,000	12,040(3)	1,189,902
	2014	385,396		157,600	162,974	178,000	11,640(5)	895,610
	2013	334,750		414,982	103,390	146,000		999,122
James J. Lalonde, Senior Vice President, Research and Development(4)	2015	275,000		145,770	143,661	116,000	12,040(3)	692,471
	2014	257,414		88,650	87,308	83,000	11,640(5)	528,012

- (1) The amounts reported in the Stock Awards and Option Awards columns represent the grant date fair value calculated in accordance with FASB ASC Topic 718 but excluding the impact of estimated forfeitures related to service-based vesting provisions. The valuation assumptions used in determining such amounts are described in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Amounts shown in the Stock Awards column include the grant date fair value for the PSUs granted in 2015, described above under Components of Our Executive Compensation Program Equity Incentive Compensation, based on the probable outcome of the applicable performance goals for 2015 as of the grant date, in accordance with FASB ASC Topic 718. The value of each of the PSU awards granted to the named executive officers, assuming that the highest level of performance conditions were achieved, is set forth in the table below:

Name	Maximum Outcome of PSU Grant Date Fair Value
John J. Nicols	\$ 1,898,400
Gordon Sangster	555,960
Douglas T. Sheehy	583,080
James J. Lalonde	291,540

- (2) The amounts reported in this column reflect bonus payments made pursuant to the Executive Incentive Compensation Plan. Please see the section Components of Our Executive Compensation Program Annual Cash Compensation above for more information.
- (3) The amount reported reflects a cell phone stipend of \$1,440 and a 401(k) plan matching contribution of \$10,600.
- (4) Dr. Lalonde was appointed as our Senior Vice President, Research and Development by our board of directors in February 2014.
- (5) The amount reported reflects a cell phone stipend of \$1,440 and a 401(k) plan matching contribution of \$10,200.



**Table of Contents****Grants of Plan-Based Awards in 2015 Table**

All options granted to our named executive officers are nonqualified stock options. All options granted in 2015 were issued under our 2010 Equity Incentive Award Plan, as amended.

The following table shows information regarding grants of non-equity incentive and equity incentive awards during the fiscal year ended December 31, 2015 to each of our named executive officers:

Name	Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)		Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares of Stock or Units (#)(1)	All Other Option Awards: Number of Securities Underlying Options (#)(1)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)(4)
		Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
John J. Nicols	2/11/2015	457,500	857,813					306,000	3.39	628,004
	2/11/2015			140,000	280,000	560,000				949,200
Gordon Sangster	2/11/2015	155,250	291,094					133,000	3.39	272,956
	2/11/2015			41,000	82,000	164,000				277,980
Douglas T. Sheehy	2/11/2015	202,500	379,688					140,000	3.39	287,322
	2/11/2015			43,000	86,000	172,000				291,540
James J. Lalonde	2/11/2015	110,000	206,250					70,000	3.39	143,661
	2/11/2015			21,500	43,000	86,000				145,770

- (1) The options granted as reported in the All Other Option Awards column vested as to 1/4th of the shares subject to the option on the first anniversary of the date of grant and the remainder of the shares vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer's continued service to our company.
- (2) The amounts reported in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards column relate to amounts payable under our 2015 Executive Incentive Compensation Plan. The target column assumes the achievement of the corporate goals at the target level. The maximum column assumes the maximum achievement for corporate goals. The actual amounts paid to our named executive officers are set forth in the section titled 2015 Summary Compensation Table.
- (3) The amounts reported in these columns reflect shares of our common stock issuable in respect of the PSUs granted in 2015 described above under Components of Our Executive Compensation Program Equity Incentive Compensation, which vest subject to the company's achievement of established performance goals. The target number of shares of our common stock is equal to the number of PSUs granted; the threshold number of shares is one-half of the number of PSUs granted; and the maximum number of shares is two times the number of PSUs granted.
- (4) The amounts reported in the Grant Date Fair Value of Stock and Option Awards column represents the grant date fair value calculated in accordance with FASB ASC Topic 718, but excluding the impact of estimated forfeitures related to service-based vesting provisions. The valuation assumptions used in determining such amounts are described in Note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. For PSUs, the amount shown is based on the probable outcome of the applicable performance goals for 2015 as of the grant date, in accordance with FASB ASC Topic 718.

**Table of Contents****Outstanding Equity Awards at 2015 Fiscal Year-End Table**

The following table shows grants of stock options, restricted stock awards, RSUs and PSUs outstanding on December 31, 2015, the last day of our fiscal year, for each of our named executive officers:

Name	Vesting Commencement Date	Option Awards				Stock Awards			Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested(5)
		Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Unearned Shares, Units or Rights That Have Not Vested(4)	
John J. Nicols	6/13/2012	350,000	50,000	\$ 3.46	6/13/2022	187,500	\$ 793,125		\$
	1/24/2013	196,875	73,125	2.32	1/24/2023	40,000	169,200		
	2/24/2014	229,166	270,834	1.97	2/24/2024	106,000	448,380		
	2/11/2015		306,000	3.39	2/11/2025			259,840	1,099,123
Gordon Sangster	8/18/2014	38,333	76,667	2.45	8/18/2024	46,583(6)	197,046		
	2/11/2015		133,000	3.39	2/11/2025			76,096	321,886
Douglas T. Sheehy	4/2/2007	99,999		2.45	4/19/2017				
	8/28/2007	21,999		6.71	8/28/2017				
	10/25/2007	37,332		6.86	10/25/2017				
	6/2/2009	33,333		7.46	6/2/2019				
	11/9/2009	40,666		9.09	11/9/2019				
	1/1/2010(7)	33,333		10.92	2/11/2020				
	1/26/2011	60,000		9.15	1/26/2021				
	3/7/2012	55,312	3,688	3.56	3/7/2022				
	3/7/2012					8,000	33,840		
	1/24/2013	55,432	20,590	2.32	1/24/2023	22,692	95,987		
	2/24/2014	64,166	75,834	1.97	2/24/2024	21,200	89,676		
2/11/2015		140,000	3.39	2/11/2025			79,808	337,588	
James J. Lalonde	12/13/2005	26,666		1.05	12/13/2015				
	1/26/2007	6,666		2.45	1/26/2017				
	1/29/2008	19,999		10.50	1/29/2018				
	6/2/2009	19,999		7.46	6/2/2019				
	4/27/2010	26,666		10.92	4/27/2020				
	1/26/2011	15,000		9.15	1/26/2021				
	3/7/2012	27,187	1,813	3.56	3/7/2022	3,750	15,863		
	1/24/2013	26,396	9,805	2.32	1/24/2023	10,980	46,445		
	2/24/2014	34,375	40,625	1.97	2/24/2024	11,925	50,443		
	2/11/2015		70,000	3.39	2/11/2025			39,904	168,794

(1) Unless otherwise noted, each option vests as to 1/4th of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and 1/48th of the total number of shares subject to the option shall vest monthly thereafter until all shares are vested, subject to the named executive officer's continued service to our company.

(2)

## Edgar Filing: CODEXIS INC - Form DEF 14A

Unless otherwise indicated, restricted stock and restricted stock units granted to the named executive officers vest at a rate of 1/4th per year on each of the first through fourth anniversaries of the vesting commencement date, subject to the named executive officer's continued service to our company.

- (3) Amounts are calculated by multiplying the number of shares shown in the table by \$4.23 per share, which is the closing price of common stock on December 31, 2015 (the last trading day of the 2015 fiscal year).
- (4) Amounts represent the number of PSUs that would have been earned based on achieving 92.8% of the threshold performance goal.



**Table of Contents**

- (5) Amounts are calculated by multiplying the number of shares shown in the table by \$4.23 per share, which is the closing price of common stock on December 31, 2015 (the last trading day of the 2015 fiscal year).
- (6) Includes 13,250 shares of earned but unvested PSUs and 33,333 shares of earned but unvested RSUs. Mr. Sangster's restricted stock units vest in three equal annual installments commencing on August 18, 2015, subject to Mr. Sangster's continued service to our company.
- (7) Prior to the completion of our IPO, these stock options were scheduled to vest and become exercisable with respect to 100% of the shares subject thereto on January 1, 2015; however, upon consummation of our IPO, the vesting schedule reverted to our standard vesting schedule, such that 1/4th of the shares subject to the option vested on January 1, 2011 and the remainder of the shares will vest at a rate of 1/48th of the total shares subject to the option each month thereafter, subject to the named executive officer's continued service to our company.

**Option Exercises and Stock Vested in 2015**

The following table sets forth information regarding stock option exercises completed by our named executive officers during 2015 and stock awards in which our named executive officers vested during 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
John J. Nicols		\$	313,500	\$ 1,263,490
Gordon Sangster			29,917	120,202
Douglas T. Sheehy			120,546	488,140
James J. Lalonde	26,666	93,264	58,665	238,827

- (1) The value realized equals the excess of the per-share closing trading price of our common stock at exercise over the option exercise price, multiplied by the number of shares for which the option was exercised.
- (2) The dollar amounts shown above for stock awards are determined by multiplying the number of shares that vested by the per-share closing trading price of our common stock on the vesting date.

**Pension Benefits**

We do not maintain any defined benefit pension plans.

**Nonqualified Deferred Compensation**

We do not maintain any nonqualified deferred compensation plans.

**Change in Control and Severance Arrangements**

During 2015, we were party to an employment agreement with Mr. Nicols, providing for payments and benefits upon certain terminations of employment, as well as change in control agreements with Messrs. Sangster and Sheehy and Dr. Lalonde. Our named executive officers are not eligible for any other severance or change in control payments or benefits.

Under Mr. Nicols' employment agreement, in the event that his employment is terminated without cause, he resigns with good reason, or his employment is terminated due to death or disability (as such terms are defined in Mr. Nicols' employment agreement), he will be eligible to receive: an amount equal to 12 months of his base salary and 100% of his annual target bonus, payable in a cash lump sum, full acceleration of vesting of the stock option and restricted stock awards granted pursuant to his employment agreement, 12 months vesting acceleration for all other outstanding equity awards, and continued healthcare coverage for up to 12 months. In addition, in the event Mr. Nicols' employment is terminated without cause, he resigns for good reason, or his

**Table of Contents**

employment is terminated due to death or disability, each as defined in his employment agreement, within 12 months following a change in control of our company, Mr. Nicols is entitled to receive a lump sum severance payment in an amount equal to 150% of his annual base salary and 150% of his annual target bonus, up to 18 months of continued health coverage and full acceleration of vesting for each of his outstanding equity awards. In the event that Mr. Nicols' employment is terminated without cause or resigns for good reason and the event giving rise to such termination occurs at the direction of a person or entity that has entered into an agreement with the company that contemplates a transaction which would constitute a change in control if consummated, then such termination will be deemed to have occurred within the 12 month period following a change in control and Mr. Nicols will be entitled to the payments and benefits described in the preceding sentence. All of the foregoing payments and benefits are subject to Mr. Nicols' execution and subsequent non-revocation of a release of claims in favor of the company.

The change in control agreements for the other named executive officers (the Change in Control Agreements), provide that in the event that he experiences an involuntary termination without cause or a voluntary termination for good reason, as each term as defined in the Change in Control Agreements, within 12 months following the change in control of our company, he is entitled, subject to our receipt of an executed and irrevocable release of claims from such executive, to the following payments and benefits: an amount equal to 12 months of his base salary, payable in a cash lump sum, full acceleration of vesting of all outstanding equity awards, and continued healthcare coverage for up to 12 months.

Subject to our receipt of an executed and irrevocable release of claims by the named executive officer, each named executive officer is entitled to the above described severance benefits and payments if he experiences an involuntary termination without cause or a voluntary termination for good reason prior to a change in control at the direction of a person who has entered into an agreement with the company the consummation of which will constitute a change in control.

The Change in Control Agreements also provide that in the event the named executive officer's employment is terminated as a result of death or disability (as such term is defined within the agreements) within 12 months following a Change in Control of our company, he is entitled, subject to our receipt of an executed and irrevocable release of claims by such executive, to the following payments and benefits: (i) the vesting of his outstanding equity awards shall accelerate such that the awards shall become vested (or, as applicable, the restrictions there on shall lapse) with respect to that number of shares that would otherwise vest on the next vesting date for such equity award, pro-rated to the date of his termination and (ii) the continued healthcare coverage premiums as provided above.

In August 2015, our compensation committee approved the amendment of Mr. Nicols' employment agreement and the Change in Control Agreements to clarify that in the event of a change in control of the Company, performance under outstanding performance-based equity awards would be determined as follows: (i) if the change in control is consummated prior to the completion of the applicable performance period, performance would be deemed achieved at 100% of target level; and (ii) if the change in control is consummated on or after the completion of the performance period, performance will be deemed achieved at the level determined by our compensation committee based on actual performance.

**Table of Contents**

The following table sets forth quantitative estimates of the payments and benefits that would have accrued to each of our named executive officers if his employment had been terminated on December 31, 2015 by us without cause or for good reason by the named executive officer or due to his death or disability, in each case, in connection with a change in control of the company. Amounts below reflect potential payments and benefits pursuant to the Change in Control agreements for such named executive officers.

Name	Salary Continuation (\$)	Target Bonus (\$)	Value of Accelerated Equity Awards \$(1)	Value of Continued Healthcare Coverage (\$)	Total (\$)
<b>John J. Nicols</b>					
Without cause, for good reason or due to death or disability	\$ 610,000	\$ 457,500	\$ 2,486,040	\$ 35,193	3,588,733
Without cause, for good reason or due to death or disability within 12 months following a change in control	915,000	686,250	3,642,399	52,790	5,296,439
<b>Gordon Sangster</b>					
Without cause or for good reason within 12 months following a change in control	345,000		792,093	35,193	1,172,286
Due to death or disability within 12 months following a change in control			332,174	35,193	367,367
<b>Douglas T. Sheehy</b>					
Without cause or for good reason within 12 months following a change in control	405,000		914,066	35,193	1,354,259
Due to death or disability within 12 months following a change in control			393,243	35,193	428,436
<b>James J. Lalonde</b>					
Without cause or for good reason within 12 months following a change in control	275,000		465,195	35,193	775,388
Due to death or disability within 12 months following a change in control			200,551	35,193	235,744

- (1) The value of the accelerated option awards is calculated based on the aggregate amount by which \$4.23, the closing trading price of our common stock as of December 31, 2015 (the last trading day of fiscal 2015), exceeded the aggregate exercise price, if any, of the outstanding and unvested stock options as of December 31, 2015. The value of the accelerated restricted stock and restricted stock unit awards is calculated based on the number of shares of our common stock or units subject to the outstanding unvested award, multiplied by \$4.23, the closing trading price of our common stock as of December 31, 2015 (the last trading day of fiscal 2015).

**Table of Contents****Equity Compensation Plan Information**

The following table provides certain information as of December 31, 2015, with respect to all of our equity compensation plans in effect on that date.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)(2)	5,051,632	\$ 4.60	7,126,547
Equity compensation plans not approved by security holders	400,000(3)	3.46	
<b>Total</b>	<b>5,451,632</b>	<b>4.49</b>	<b>7,126,547</b>

- (1) Includes the 2002 Stock Plan and the 2010 Equity Incentive Award Plan (the 2010 Plan). The number of shares of Codexis common stock that may be issued pursuant to outstanding awards under the 2002 Stock Plan and the 2010 Plan include: (A) outstanding awards of 988,500 for performance restricted stock units and 545,053 shares for time-based restricted stock units and (B) 3,518,079 stock options. The weighted average exercise price shown is for stock options; other outstanding awards had no exercise price. No new awards may be made under the 2002 Stock Plan.
- (2) The 2010 Plan contains an evergreen provision pursuant to which the number of shares of common stock reserved for issuance under the 2010 Plan shall be increased on the first day of each year beginning in 2011 and ending in 2020, equal to the least of (A) 3,000,000 shares, (B) four percent (4%) of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (C) such smaller number of shares of stock as determined by our board of directors; provided, however, no more than 40,434,717 shares of stock may be issued upon the exercise of incentive stock options.
- (3) Includes an option issued as an inducement grant to Mr. Nicols in June 2012 to acquire 400,000 shares of common stock, with an exercise price of \$3.46 per share, which option vested as to 1/4th of the shares subject thereto on June 13, 2013 and the remainder of the shares will vest at a rate of 1/36th of the total shares subject to the option each month thereafter, subject to Mr. Nicols' continued service to Codexis.

**Compensation Committee Report**

*The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of Codexis under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on the review and discussions, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement for the Annual Meeting and incorporated by reference in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

*Submitted by the Compensation Committee of the Board of Directors:*

Byron L. Dorgan (chair)

Pam P. Cheng

Bernard J. Kelley



---

**Table of Contents**

**AUDIT MATTERS**

**Audit Committee Report**

*The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of Codexis under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The following is the report of the Audit Committee with respect to Codexis audited consolidated balance sheets for the fiscal years ending December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders equity and cash flows for each of the three years in the period ended December 31, 2015 and the notes thereto.

*Responsibilities.* The audit committee operates under a written charter adopted by the board of directors. The role of the audit committee is to oversee our financial reporting process on behalf of the board of directors. Our management has the primary responsibility for our financial statements as well as our financial reporting process and principles, internal controls and disclosure controls. The independent registered public accounting firm, BDO USA, LLP ( BDO ), is responsible for performing an audit of our financial statements and expressing an opinion as to the conformity of such financial statements with U.S. generally accepted accounting principles. BDO is also responsible for expressing an opinion on our internal control over financial reporting based on its audit.

*Review with Management.* The audit committee has reviewed and discussed our audited financial statements (including the quality of our accounting principles) with management. Our management is responsible for the preparation, presentation and integrity of our financial statements. Management is also responsible for establishing and maintaining internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) and for evaluating the effectiveness of those internal controls and for evaluating any changes in those controls that will, or are reasonably likely to, affect internal controls over financial reporting. Management is also responsible for establishing and maintaining disclosure controls (as defined in Exchange Act Rule 13a-15(e)) and for evaluating the effectiveness of disclosure controls and procedures.

*Review and Discussions with Independent Accountants.* The audit committee has reviewed and discussed our audited financial statements (including the quality of Codexis accounting principles) with BDO. The audit committee has discussed with BDO the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*. Further, the audit committee reviewed BDO s Report of Independent Registered Public Accounting Firm included in our Annual Report on Form 10-K related to its audit of the consolidated financial statements.

The audit committee has also received and reviewed the written disclosures and the letter from BDO required by the applicable requirements of the PCAOB regarding BDO s communications with the Audit Committee concerning independence, and has discussed with BDO its independence from us.

*Conclusion.* Based on the review and discussions referred to above, the audit committee recommended to the board of directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

*Submitted by the Audit Committee of the Board of Directors:*

Dennis P. Wolf (chair)

Byron L. Dorgan

Bernard J. Kelley

---

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We describe below transactions, since January 1, 2015, to which we were a party or will be a party, in which:

The amounts involved exceeded or are expected to exceed \$120,000; and

A director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

**Exela**

Since September 2007, we have been party to a license agreement with Exela PharmaSci, Inc. ( Exela ). Under the license agreement, as amended, we and Exela cross-licensed certain technology relating to the manufacture of argatroban, an active pharmaceutical ingredient, in exchange for rights to certain sublicensing fees or development payments and profit sharing. During the fiscal years ended December 31, 2015 and 2014, Exela paid us an aggregate of approximately \$4.8 million and \$7.3 million, respectively, under this agreement. We may still receive 60% of all profits that Exela earns from selling the technology, less our portion of any prosecution, filing and maintenance costs associated with the technology. CMEA Ventures Life Sciences 2000, L.P. and its affiliate held approximately 7.4% of our common stock until its sale of all such shares on November 10, 2014 to Presidio Partners 2014, L.P. Presidio Partners 2007, L.P. (formerly CMEA Ventures VII, L.P.) owns over 10% of Exela s outstanding capital stock. Thomas R. Baruch, one of our directors, serves on the board of directors of Exela, and is a general partner in Presidio Partners 2007, L.P. Mr. Baruch is also a general partner in CMEA Ventures Life Sciences 2000, L.P. Mr. Baruch has no direct or indirect pecuniary interest in the shares of our common stock owned by Presidio Partners 2014, L.P.

**Director and Officer Indemnification Agreements**

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we have entered into indemnification agreements with each of our directors and executive officers. These agreements provide for the indemnification of our directors, officers, and certain employees for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. This description of the indemnification provisions of our indemnification agreements is qualified in its entirety by reference to these documents, each of which is attached as an exhibit to our most recent registration statement.

**Policies and Procedures for Related Party Transactions**

Our board of directors has adopted a written related party transaction policy. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Exchange Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, the amount involved exceeds \$120,000, and a related party had or will have a direct or indirect material interest. Under the policy, the audit committee is required to review the relevant facts and circumstances of any such transaction, arrangement or relationship, including whether the transaction is on comparable terms to arm s length dealings with third parties, the extent of the related party s interest in the transaction, and the conflicts of interest and corporate opportunity provisions of the Codexis Code of Business Conduct and Ethics. Such transactions, arrangements or relationships may only be consummated or continue if the audit committee approves or ratifies such transaction, arrangement or relationship. If advance approval by the audit committee is not feasible, then management may preliminarily enter into the transaction, arrangement or relationship upon prior approval by the chairman of the audit committee, subject to ratification of the transaction, arrangement or relationship at the audit committee s next regularly scheduled meeting.

Each transaction required to be reported under Item 404(a) of Regulation S-K since the beginning of last fiscal year was entered into in compliance with our related person transaction policy described above.

---

**Table of Contents**

**OTHER MATTERS**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of our company. Based solely on a review of copies of such forms received with respect to fiscal year 2015 and the written representations received from certain reporting persons that no other reports were required, we believe that all directors, executive officers and persons who own more than 10% of our common stock complied with the reporting requirements of Section 16(a) during fiscal year 2015.

**Stockholder Proposals and Nominations**

*Proposals Pursuant to Rule 14a-8.* Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proper proposals for inclusion in the proxy statement and for consideration at our next annual meeting of stockholders. To be eligible for inclusion in our proxy statement for the 2017 annual meeting of stockholders, your proposal must be received by our Secretary at our principal executive offices at 200 Penobscot Drive, Redwood City, CA 94063 no later than January 6, 2017, and must otherwise comply with Rule 14a-8. While our board will consider stockholder proposals, we reserve the right to omit from the proxy statement stockholder proposals that we are not required to include under the Exchange Act, including Rule 14a-8.

*Proposals and Nominations Pursuant to Our Bylaws.* Under our bylaws, in order to nominate a director or bring any other business before the stockholders at the 2017 annual meeting of stockholders, other than proposals pursuant to Rule 14a-8, you must notify us in writing and such notice must be received by us no earlier than February 16, 2017 and no later than March 17, 2017. You must comply with specific procedures set forth in our bylaws and the nomination or proposal must contain the specific information required by our bylaws. You may write to our Secretary at our principal executive offices at 200 Penobscot Drive, Redwood City, CA 94063, to deliver the notices discussed above and to request a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates pursuant to the bylaws.

**Householding of Proxy Materials**

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

At the present time, Codexis does not household for any of our stockholders of record. However, if you hold shares of common stock in street name, your bank, broker or other nominee may be householding our proxy materials this year. Once you have received notice from your bank, broker or other nominee that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you only received a single set of proxy materials and would like to receive a separate set of materials, direct your written request to Wells Fargo Shareowner Services, at 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120-4100, or by telephone at (800) 468-9716 and an additional set of materials will promptly be delivered to you. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report in the future, please notify your bank, broker or other nominee. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications in the future should contact their bank or broker.



**Table of Contents**

**Incorporation by Reference**

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, which might incorporate future filings made by us under those statutes, neither the preceding Compensation Committee Report nor the Audit Committee Report will be incorporated by reference into any of those prior filings, nor will any such report be incorporated by reference into any future filings made by us under those statutes. In addition, information on our website, other than our proxy statement, notice and form of proxy, is not part of the proxy soliciting material and is not incorporated herein by reference.

**BY ORDER OF THE BOARD OF DIRECTORS**

John J. Nicols

*President and Chief Executive Officer*

April 29, 2016

**Table of Contents**

**Table of Contents**