Amyris, Inc.

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(AMRS:NASDAQ)

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Revised Company Comment

Alternative Energy: Alternative Fuels

AMRS: After Solid Post-IPO Gains, Raising Target Price to $27

- initiated coverage of Amyris on October 8, approximately a week after its IPO. The shares have since gained 37%, topping our original $23.00 target price earlier this week. This performance should be seen within the context of a robust rally in oil prices and oil/fuel stocks across the board. Amyris is now the only Gen2 biofuel story to sport a market cap above $1 billion, and in fact it has the second-largest market cap of any U.S.-traded biofuel company, behind only Brazilian-based Cosan (CZZ). While the risk/reward profile in the shares does not look quite as appealing as it had been two months ago, we believe there is upside left, and thus we are raising our target price to $27.00.
- We take this opportunity to recap Amyris' farnesene commercialization roadmap, which has two distinct "tracks." The first one is contract manufacturing. Adding to its contract manufacturing agreement with Biomin, last month Amyris announced a second one with Tate & Lyle, a leading global agribusiness. Consistent with guidance given during the IPO roadshow in September, farnesene production is set to begin in 2Q11, with full-year 2011 volumes expected to total 1.6-2.4 million gallons (we're currently at 1.9 million gallons).
- The second track, of course, is in-house production capacity. As we detailed in our initiation report, instead of building greenfield production facilities, Amyris is pursuing capacity expansion via bolt-on plants at existing sugar mills in Brazil, thus leveraging well-established infrastructure and plentiful feedstock. The first plant, a 50/50 joint venture with Usina São Martinho, begins construction this month using a portion of the IPO proceeds (total cash on hand was $271 million at the end of September). Start-up is expected in 2Q12. Discussions with Cosan and other Brazilian partners for further expansion remain on track. In total, we project volumes ramping up from 11 million gallons in 2012 to over 200 million in 2015.
- While fully recognizing the inherent execution risks in an early-stage story such as this, we believe Amyris is well-positioned to be a leader in the Gen2 biofuels space. We are particularly impressed with the relatively high degree of visibility on the pace of commercialization, a factor that we believe differentiates Amyris from Gen2 competitor Codexis (CDXS/$9.93/Market Perform). We also favor Amyris' multifaceted partnership approach vs. putting all the eggs in one "big brother" basket. We reiterate our **Outperform** rating. In the absence of positive full-year EPS until 2013E, our new target price of $27.00 is based on a ~1.2x multiple to discounted cash flow (DCF) per share, detailed on page 2. We see the premium to DCF as reasonable given Amyris' unique technology platform and "scarcity value" as one of the few publicly traded Gen2 companies.

Non-GAAP EPS	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Full Year	GAAP EPS Full Year	Revenues (mil.)
2009A	NA	NA	NA	NA	$(13.56)	$(13.56)	$65
Old 2010E	(3.22)A	(3.94)A	(3.75)A	(0.54)	(5.41)	(8.33)	66
New 2010E	**(3.22)A**	**(3.94)A**	**(3.75)A**	**(0.54)**	**(5.41)**	**(8.33)**	**66**
Old 2011E	(0.57)	(0.59)	(0.60)	(0.57)	(2.33)	(2.33)	115
New 2011E	**(0.57)**	**(0.59)**	**(0.60)**	**(0.57)**	**(2.33)**	**(2.33)**	**115**
Old 2012E	(0.47)	(0.40)	(0.09)	0.04	(0.89)	(0.89)	283
New 2012E	**(0.47)**	**(0.40)**	**(0.09)**	**0.04**	**(0.89)**	**(0.89)**	**283**

Rows may not add due to rounding. Non-GAAP EPS excludes extraordinary items. 2010E cash flow/share revised to reflect 10-Q. Initial public offering within last 12 months; trailing 12-month share price figures represent range since that time.

Rating

Outperform 2

Current and Target Price

Current Price (12/8/2010)	$23.42
Target Price: Old: $23.00	New: $27.00
52-Week Range	$24.33 - $16.48
Suitability	Venture Risk

Market Data

Shares Out. (mil.)	43.8
Market Cap. (mil.)	$1,026
Avg. Daily Vol. (10 day)	52,970
Dividend/Yield	$0.00/0.0%
Book Value (09/10)	$7.38
LT Debt (mil.)/% Cap.	$5/2%

Earnings & Valuation Metrics

	2009A	2010E	2011E	2012E
P/E Ratios (Non-GAAP)	NM	NM	NM	NM
EBITDA (mil.)				
Old	$(56)	$(74)	$(89)	$(28)
New	$(56)	$(74)	$(89)	$(28)
P/EBITDA Ratios	NM	NM	NM	NM
Cash Flow/Share				
Old	$(11.45)	$(4.35)	$(1.85)	$(0.34)
New	$(11.45)	$(4.52)	$(1.85)	$(0.34)

Company Description

Amyris, Inc., based in Emeryville, California, is a developer and early-stage producer of renewable specialty chemicals and advanced biofuels. Amyris currently operates a corn ethanol distribution network as a precursor to biofuel production. The company is focusing on Brazilian sugarcane as its primary feedstock and has partnered with several Brazilian sugar and ethanol producers to build production capacity adjacent to existing mills. There is also a strategic partnership with Total S.A. (TOT).

Please read domestic and foreign disclosure/risk information beginning on page 4 and Analyst Certification on page 4.

DCF Calculation	
Operating CF, 2012 ($ MM)	($16.7)
Operating CF, 2013 ($ MM)	$79.5
Operating CF, 2014 ($ MM)	$156.7
Operating CF, 2015 ($ MM)	$239.5
Terminal CF growth rate	10%
Total DCF to 2011 (at 20%)	**$985.7**
Per fully diluted share	**$22.92**

Source: RJ est.

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Amyris, Inc.

QUARTERLY INCOME AND CASH FLOW (MILLIONS)

Earnings & Cash Flow	2007 A	2008 A	2009 A	Q1 A	Q2 A	Q3 A	Q4 E	2010 E	Q1 E	Q2 E	Q3 E	Q4 E	2011 E	Q1 E	Q2 E	Q3 E	Q4 E	2012 E
Product Revenue	$0.0	$10.7	$61.7	$10.0	$10.0	$22.1	$12.6	$54.6	$16.4	$21.7	$29.7	$36.5	$104.3	$42.5	$56.7	$78.2	$92.9	$270.2
Other	6.2	3.2	2.9	3.7	2.7	2.2	2.5	11.0	2.6	2.7	2.8	2.9	11.0	3.0	3.1	3.2	3.3	12.6
Total Operating Revenues	$6.2	$13.9	$64.6	$13.7	$12.7	$24.2	$15.1	$65.7	$19.0	$24.4	$32.5	$39.4	$115.3	$45.5	$59.8	$81.4	$96.2	$282.8
Cost of Product Revenue, Excl. D&A	0.0	10.4	60.4	10.0	10.1	21.0	12.3	53.5	16.1	21.2	28.5	33.1	98.9	36.1	45.9	51.8	57.9	191.7
Gross Margin, Excl. D&A (%)		3.0%	2.0%	-0.5%	-1.0%	4.7%	2.0%	2.1%	1.8%	2.1%	4.1%	9.4%	5.2%	14.8%	19.1%	33.7%	37.7%	29.0%
Depreciation and Amortization	0.6	2.6	5.8	1.6	1.8	1.9	1.8	7.1	1.8	1.9	2.1	2.3	8.1	2.4	2.6	3.0	3.5	11.4
Research and Development	8.7	30.3	38.3	11.2	12.4	14.7	13.0	51.3	13.3	13.6	13.9	14.2	55.0	14.5	14.8	15.1	15.4	59.8
Sales, General and Administrative	9.9	14.0	17.8	7.6	7.9	10.5	11.0	37.0	12.0	13.0	13.5	14.0	52.5	14.5	15.0	15.5	16.0	61.0
Other Operating Expenses (Income)	0.0	0.0	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Income	($13.0)	($43.4)	($63.4)	($16.7)	($19.5)	($23.9)	($23.0)	($83.1)	($24.2)	($25.4)	($25.5)	($24.1)	($99.2)	($22.1)	($18.4)	($4.1)	$3.4	($41.1)
Other Non-Operating Expenses (Income)	(1.3)	(1.2)	0.2	(0.8)	0.3	(1.7)	0.0	(2.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense	0.0	0.4	1.2	0.4	0.4	0.5	0.4	1.7	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.6
Pre-tax Extraordinary Items	0.0	0.0	0.0	0.0	0.0	(2.1)	0.0	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income Tax Expense	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.2
Net Income Before After-tax Extra. Items	(11.8)	(42.3)	(64.8)	(16.3)	(20.2)	(20.6)	(23.4)	(80.5)	(24.6)	(25.8)	(25.9)	(24.5)	(100.8)	(22.5)	(18.8)	(4.5)	1.8	(43.9)
After-tax Extraordinary Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.5	0.3	0.2	0.2	0.5	0.2	1.1	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8
Reported Net Income	(11.8)	(41.9)	(64.5)	(16.2)	(19.9)	(20.1)	(23.2)	(79.4)	(24.4)	(25.6)	(25.7)	(24.3)	(100.0)	(22.3)	(18.6)	(4.3)	2.0	(43.1)
Adjustments for Non-recurring Items	0.0	0.0	0.0	0.0	0.0	42.6	0.0	42.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted Net Income	($11.8)	($41.9)	($64.5)	($16.2)	($19.9)	($19.6)	($23.2)	($78.9)	($24.4)	($25.6)	($25.7)	($24.3)	($100.0)	($22.3)	($18.6)	($4.3)	$2.0	($43.1)
Reported Fully Diluted EPS	($3.28)	($9.91)	($13.56)	($3.22)	($3.94)	($11.89)	($0.54)	($8.33)	($0.57)	($0.59)	($0.60)	($0.57)	($2.33)	($0.47)	($0.40)	($0.09)	$0.04	($0.89)
Adjusted Fully Diluted EPS	($3.28)	($9.91)	($13.56)	($3.22)	($3.94)	($3.75)	($0.54)	($5.41)	($0.57)	($0.59)	($0.60)	($0.57)	($2.33)	($0.47)	($0.40)	($0.09)	$0.04	($0.89)
Primary Shares Outstanding, Mil.	3.6	4.2	4.8	5.0	5.1	5.2	43.0	14.6	43.0	43.0	43.0	43.0	43.0	47.0	47.0	47.0	47.0	47.0
Fully Diluted Shares Outstanding, Mil.	3.6	4.2	4.8	5.0	5.1	5.2	43.0	14.6	43.0	43.0	43.0	43.0	43.0	47.0	47.0	47.0	54.0	48.8
Cash Flow	**2007 A**	**2008 A**	**2009 A**	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 E**	**2010 E**	**Q1 E**	**Q2 E**	**Q3 E**	**Q4 E**	**2011 E**	**Q1 E**	**Q2 E**	**Q3 E**	**Q4 E**	**2012 E**
Net Income	($11.8)	($42.3)	($64.8)	($16.3)	($20.2)	($20.6)	($23.4)	($80.5)	($24.6)	($25.8)	($25.9)	($24.5)	($100.8)	($22.5)	($18.8)	($4.5)	$1.8	($43.9)
Depreciation and Amortization	0.6	2.6	5.8	1.6	1.8	1.9	1.8	7.1	1.8	1.9	2.1	2.3	8.1	2.4	2.6	3.0	3.5	11.4
Deferred Income Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
Other Non-Cash & Adjustments	1.2	2.2	4.6	1.5	3.3	0.1	2.8	7.7	3.0	3.3	3.4	3.5	13.1	3.6	3.8	3.9	4.0	15.3
Operating Cash Flow	($9.9)	($37.6)	($54.4)	($13.2)	($15.1)	($18.6)	($18.9)	($65.8)	($19.8)	($20.6)	($20.4)	($18.8)	($79.6)	($16.5)	($12.5)	$2.4	$9.9	($16.7)
Fully Diluted Cash Flow/Share	($2.77)	($8.89)	($11.45)	($2.64)	($2.98)	($3.56)	($0.44)	($4.52)	($0.46)	($0.48)	($0.47)	($0.44)	($1.85)	($0.35)	($0.27)	$0.05	$0.18	($0.34)

YOY Change in Revenue	-	124.6%	365.1%					1.7%					75.5%					145.3%
YOY Change in EPS	-	NM	NM					NM					NM					NM

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Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12 months.

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Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

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Outperform (MO2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.
Market Perform (MP3) Expected to perform in line with the underlying country index.
Underperform (MU4) Expected to underperform the underlying country index.

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Buy (2) Absolute return expected to be at least 10% over the next 12 months.
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Company Name	Disclosure
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Target Prices: The information below indicates our target price and rating changes for AMRS stock over the past three years.

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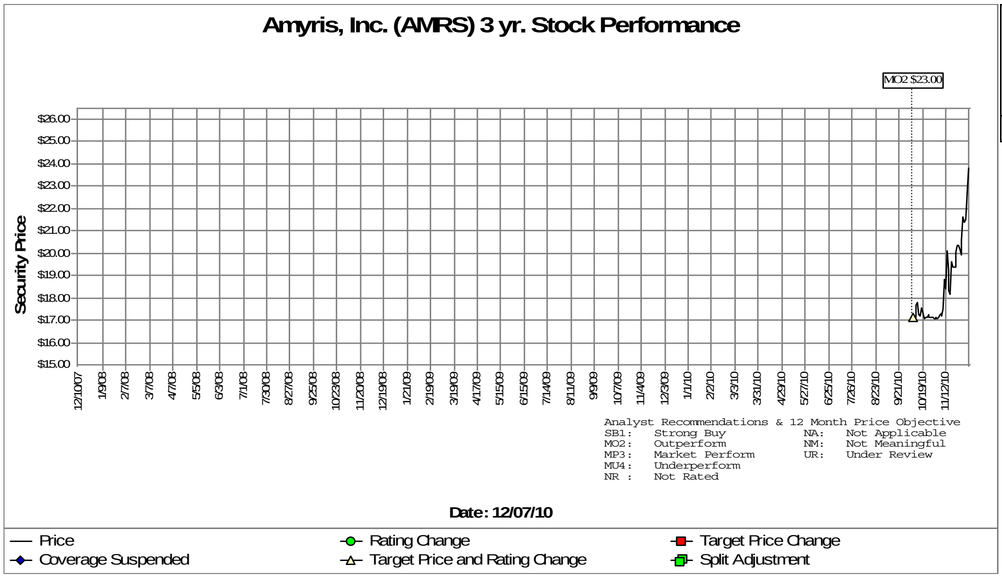
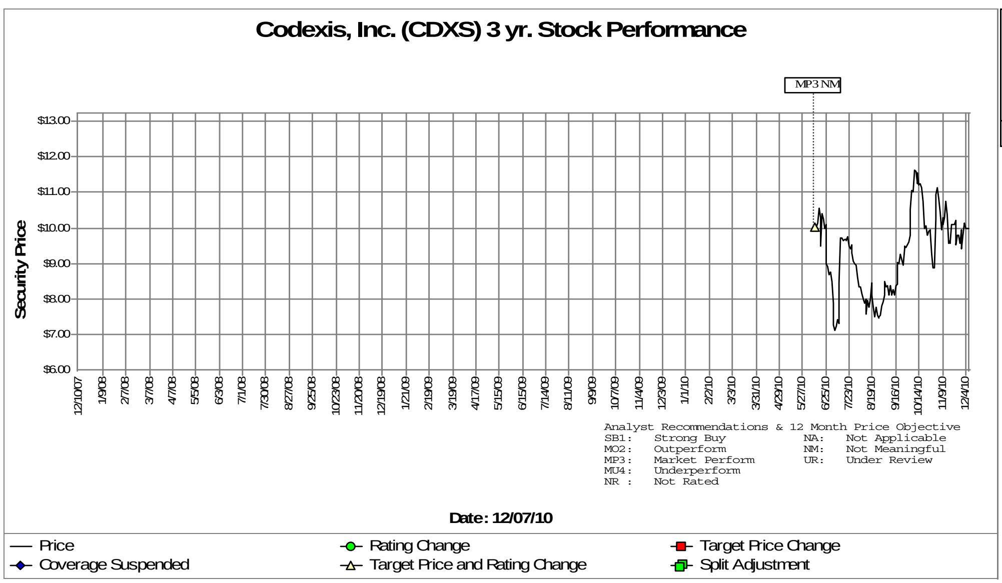


Update Date	Closing Price	Target Price	Rating
10/7/10	17.10	23.00	2

Valuation Methodology: Our valuation methodology for Amyris is primarily based on discounted cash flow. We consider a target multiple of the share price to projected 2015 EPS, discounted back to the forward year. The methodology also takes into account a target multiple of enterprise value to projected forward-year EBITDA and a target multiple of enterprise value to projected forward-year revenue.

The information below indicates target price and rating changes for other subject companies included in this research.



Update Date	Closing Price	Target Price	Rating
6/14/10	10.01	NM	3

Risk Factors

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Specific Investment Risks Related to the Industry or Issuer

Conventional Energy Price Risk
Alternative energy competes with conventional energy sources, the most important of which are crude oil, natural gas, and coal. Declines in the price of conventional energy can make alternative energy less competitive, and in some cases make it economically unviable. Consumers are less likely to view alternative energy as a practical option if conventional energy is relatively more attractive from an economic standpoint.

Commerciality and Technology Risk
Not all types of alternative energy are currently commercial, and some may never reach full commercial viability. There is no guarantee that future technological developments will be favorable to alternative energy, and in fact, some developments could render some types of alternative energy obsolete or unattractive.

Public Policy Risk
Many types of alternative energy currently benefit from favorable government policies, including tax incentives for producers and/or consumers, direct and indirect subsidies, and mandatory use requirements. These policies are subject to change and may become less favorable in the future.

Regulatory Risk
Like all subsectors of energy, alternative energy is subject to many government regulations at various levels, including environmental and land use regulations. These rules can reduce the profitability of alternative energy and could potentially result in delay or loss of commerciality.

Company-Specific Risks for Amyris, Inc.

Lack of Near-Term Profitability
We do not believe that Amyris will achieve sustained profitability until 2013 at the earliest. Similarly, the company's negative cash flow from operations represents another financial challenge and may necessitate outside financing in the future in order to continue as a "going concern."

Advanced Biofuels Commercialization Risk
As is true of many early-stage industries, commercialization of advanced biofuels entails numerous risks. For example, in order to become cost-competitive with conventional biofuels (as well as petroleum fuels), Amyris must substantially reduce the production cost of its products through improvement in yields and other manufacturing efficiencies. In addition, if Amyris eventually diversifies its feedstock mix beyond sugarcane, it is important to underscore that the development of technology for converting sugar derived from non-food renewable biomass sources into a commercially viable biofuel is still in its early stages.

Crude Oil and Sugarcane Price Risk
The biofuels produced by Amyris' plants will compete with conventionally refined petroleum fuels. Their price is linked to the price of crude oil. A significant decline in oil prices may render biofuels uneconomic. Amyris' plants also face the risk that their principal feedstock, sugarcane, may significantly rise in price, thereby harming profitability. Amyris' partnerships with Brazilian sugarcane producers reduce feedstock-related risk but do not eliminate it.

Risk Associated with Industry Partnerships
Amyris' commercialization plans are heavily dependent on its industry partnerships. In Brazil, the company's first production facility is a joint venture with Usina Saõ Martinho, in which Amyris will be dependent on its partner for supplying the sugarcane feedstock and partially reimbursing Amyris for the capital costs associated with the facility. In addition, the integrated oil and gas company Total S.A. holds a significant equity stake in Amyris. In certain cases, Total S.A. has the right of first negotiation for commercialization agreements. The relationship with Total S.A. may limit Amyris' ability to form other strategic partnerships and may limit its sales flexibility once commercialization is achieved.

Competitive Market Environment
Amyris operates within the competitive specialty chemicals and biofuel markets. The company's ability to continue developing new product innovations and introducing these into a rapidly evolving market is essential for future success. Several of the company's competitors are larger and have considerably greater financial resources.

Government Policy Risk
Many national and local policy measures benefit the biofuel industry in the U.S. and internationally. Any of these measures can be amended, suspended, or repealed, and such action could reduce demand for biofuels.

Company-Specific Risks for Codexis, Inc.

Lack of Near-Term Profitability
We do not believe that Codexis will achieve sustained profitability until 2014-2015. Similarly, the company's negative cash flow from operations represents another financial challenge and may necessitate outside financing in the future in order to continue as a "going concern."

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Biofuels Commercialization Risk

Codexis is developing biocatalysts for use in producing two advanced biofuels, cellulosic ethanol, and biohydrocarbon diesel. As is true of many early-stage industries, commercialization of advanced biofuels entails numerous risks. For example, the development of technology for converting sugar derived from non-food renewable biomass sources into a commercially viable biofuel is still in its early stages.

Risk Associated with the Shell Relationship

Codexis' current business plan for biofuels is heavily dependent on its collaborative research agreement with Shell. This entails three main risks. First, there is no assurance that this relationship will continue. After November 1, 2010, Shell can terminate the research agreement for any reason after providing nine months' notice. Second, Shell has the right, but not the obligation, to commercialize any technologies developed jointly with Codexis. Third, Codexis has agreed to work exclusively with Shell on biofuels R&D, but Shell is not required to work exclusively with Codexis and in fact has other industry partnerships focused on biofuels.

Competitive Market Environment

Codexis operates within the competitive biotechnology arena. The company's ability to continue developing new product innovations and introducing these into a rapidly evolving market is essential for future success. Several of the company's competitors are larger and have considerably greater financial resources.

Government Policy Risk

Many national and local policy measures benefit the biofuel industry in the U.S. and internationally. Any of these measures can be amended, suspended, or repealed, and such action could reduce demand for biofuels.