

Ceres, Inc.
Form PRE 14A
July 06, 2012

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

(Amendment No.)

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

CERES, 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):

- 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:

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(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:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CERES, INC.

1535 Rancho Conejo Boulevard

Thousand Oaks, CA 91320

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

August 15, 2012

To Our Stockholders:

A Special Meeting of Stockholders of Ceres, Inc., a Delaware corporation (the Company, we, us or our), will be held on August 15, 2012 at 11:00 a.m., Pacific Standard Time, at The Millennium Biltmore Hotel, 506 South Grand Avenue, Los Angeles, CA 90014, for the following purpose:

1. To consider and act upon a proposal to approve an amendment to the Ceres, Inc. 2000 Stock Option/Stock Issuance Plan (the 2000 Plan) to extend the term of outstanding options to purchase 403,666 shares of Common Stock that were granted under the 2000 Plan and that are scheduled to expire on December 18, 2012 to thirteen years from their date of grant (subject to the consent of the affected optionholders).

Only holders of record of the Company's common stock as reflected on the stock transfer books of the Company at the close of business on July 9, 2012, will be entitled to notice of and to vote their shares at the meeting. All stockholders are cordially invited to attend the meeting.

YOUR VOTE IS IMPORTANT. PLEASE COMPLETE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON. IF YOU ATTEND THE MEETING, YOU MAY CONTINUE TO HAVE YOUR SHARES VOTED AS INSTRUCTED IN THE PROXY OR YOU MAY WITHDRAW YOUR PROXY AT THE MEETING AND VOTE YOUR SHARES IN PERSON.

This proxy statement and form of proxy are intended to be sent to our stockholders on or about July 18, 2012.

By Order of the Board of Directors,

Paul Kuc
Chief Financial Officer
July 11, 2012

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. PLEASE SIGN, DATE AND MAIL THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE WHICH REQUIRES NO POSTAGE IN THE UNITED STATES.

CERES, INC.

1535 Rancho Conejo Boulevard

Thousand Oaks, CA 91320

PROXY STATEMENT

The Board of Directors of Ceres, Inc., a Delaware corporation (the "Company", "we", "us", or "our") is soliciting proxies in the form enclosed with this proxy statement for use at the Company's Special Meeting of Stockholders to be held on August 15, 2012 at 11:00 a.m. Pacific Standard Time, at The Millennium Biltmore Hotel, 506 South Grand Avenue, Los Angeles, CA 90014, and any adjournments thereof (the "Meeting").

GENERAL INFORMATION ABOUT VOTING

Who May Vote

Holders of the Company's common stock, par value \$0.01 per share (the "Common Stock"), at the close of business on July 9, 2012 are entitled to receive notice of and to vote their shares at the Meeting. As of July 9, 2012, there were [24,487,250] shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on each matter properly brought before the Meeting.

How to Vote

You may vote in person at the Meeting or by proxy. We recommend that you vote by proxy even if you plan to attend the Meeting in person. You may change your vote at the Meeting in one of the ways described below. All shares represented by proxies that have been properly delivered and not revoked will be voted at the Meeting. If you sign and return your proxy card, but do not give voting instructions, the shares represented by that proxy will be voted **FOR** the proposal to amend the 2000 Plan to extend the term of outstanding options to purchase 403,666 shares of Common Stock that were granted under the 2000 Plan and that are scheduled to expire on December 18, 2012 to thirteen years from their date of grant (subject to the consent of the affected optionholders), as described herein. If you choose to vote by proxy, simply mark your proxy, date and sign it, and return it in the enclosed postage-paid envelope. If you attend the Meeting, you will be able to vote your shares, even if you have already voted by mail. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Meeting.

Revoking a Proxy

You may revoke your proxy at any time before it is voted at the Meeting by:

prior to the Meeting, providing written notice of revocation to the corporate secretary of the Company bearing a date later than the date of the proxy and stating that the proxy is revoked;

prior to the meeting, submitting a new proxy relating to the same shares of Common Stock bearing a later date; or

attending the Meeting and voting in person.

The last vote you submit chronologically (by any means) will supersede your prior vote(s). Your attendance at the Meeting will not, by itself, revoke your proxy.

If your shares are held in the name of a bank, broker or other holder of record, you may change your vote by submitting new voting instructions to your bank, broker or other holder of record. You must contact your bank, broker or other holder of record to find out how to do so.

Quorum

In order to carry on the business of the Meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the Meeting, either in person or by proxy. Abstentions are counted as present and entitled to vote for purposes of determining a quorum. Broker non-votes are not counted as present and entitled to vote for purposes of determining a quorum. Treasury shares, which are shares owned by the Company itself, are not voted and do not count for purposes of determining a quorum.

Votes Needed

The affirmative vote of a majority of the shares (by voting power) present in person at the Meeting or represented by proxy and entitled to vote at the Meeting is required to approve the amendment to the 2000 Plan. Abstentions will have the same effect as voting against the proposal. Broker non-votes are not considered to be shares present and entitled to vote and will, therefore, have no effect on the outcome of the vote on the amendment to the 2000 Plan.

Dissenters Right of Appraisal

Holders of the Common Stock are not entitled to appraisal rights with respect to the proposal to be considered at the Meeting.

Householding of Proxy Materials

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements. This means that only one copy of this proxy statement may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of the document to you if you call or write us at the following address or phone number: 1535 Rancho Conejo Boulevard, Thousand Oaks, CA 91320, phone: 805-376-6500, Attention: General Counsel. If you want to receive separate copies of our proxy statements in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

Solicitation of Proxies

The Company will pay the expenses of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees of the Company, without additional remuneration, in person or by telephone, by mail, electronic transmission and facsimile transmission. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of Common Stock held in their names and, as required by law, the Company will reimburse them for their reasonable out-of-pocket expenses for this service.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Richard Hamilton, our President and Chief Executive Officer and a director of the Company, holds options to purchase 400,000 shares of Common Stock that are set to expire on December 18, 2012, which comprise the substantial majority of the options to purchase 403,666 shares of Common Stock whose term would be extended under this Proposal.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting Securities

The number of outstanding shares of our Common Stock at the close of business on July 9, 2012, the record date for determining our stockholders who are entitled to notice of and to vote on the amendment to our 2000 Plan at the Meeting, is [24,487,250].

Beneficial Ownership of Directors, Officers and 5% Stockholders

The following table sets forth information with respect to the beneficial ownership of our Common Stock, as of July 2, 2012, by:

each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our voting securities;

each of our directors;

each of our named executive officers; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (SEC) and generally includes any shares over which the individual or entity has sole or shared voting power or investment power. The information does not necessarily indicate beneficial ownership for any other purpose. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, to our knowledge the persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned.

The number of shares beneficially owned by each person or group as of July 2, 2012 includes shares of common stock that such person or group had the right to acquire on or within 60 days after July 2, 2012, upon the exercise of outstanding options and warrants. References to options and warrants in the footnotes of the table below include only options and warrants outstanding as of July 2, 2012 that were exercisable on or within 60 days after July 2, 2012. For the purposes of calculating each person's or group's percentage ownership, stock options and warrants exercisable within 60 days after July 2, 2012 are included for that person or group but not the stock options or warrants of any other person or group.

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Except as otherwise set forth below, the address of the beneficial owner is c/o Ceres, Inc., 1535 Rancho Conejo Blvd., Thousand Oaks, CA 91320.

Name and Address of Beneficial Owner	Number (#)	Percentage (%)
5% Stockholders		
Artal Luxembourg S.A.(1)	4,548,682	18.21%
Warburg Pincus Private Equity(2)	2,922,345	11.71
Ambergate Trust(3)	2,965,232	11.89
Oxford Bioscience entities(4)	1,845,191	7.54
Gimv entities(5)	1,569,073	6.38
Oppenheimer Growth entities(6)	1,476,953	6.01
Directors and Named Executive Officers		
Walter De Logi(7)	533,328	2.17
Pascal Brandys(8)	88,566	*
Raymond Debbane(1)	16,666	*
Richard Flavell(9)	229,295	*
Robert Goldberg(10)	213,026	*
Richard Hamilton(11)	812,330	3.23
Thomas Kiley(12)	81,537	*
David B. Krieger(2)(13)	2,922,345	11.71
Edmund Olivier(4)(14)	1,871,087	7.64
Cheryl Morley		*
Douglas Suttles		*
Paul Kuc(15)	156,664	*
Michael Stephenson(16)	146,664	*
Wilfriede van Assche(17)	87,745	*
All directors and executive officers as a group (16 persons)	7,437,579	27.99%

* Less than 1%

- (1) Includes 491,747 shares of common stock that may be acquired pursuant to the exercise of warrants held by Artal Luxembourg S.A. Raymond Debbane, one of our directors, is a director of Artal Group S.A. Artal Group S.A. is the parent entity of Artal International S.C.A., which is the parent entity of Artal Luxembourg S.A. Mr. Debbane disclaims beneficial ownership of the shares and shares underlying warrants held by Artal Luxembourg S.A., except to the extent of his pecuniary interest therein. The address for Artal Luxembourg S.A. is 105 Grand-Rue, L-1661, Luxembourg.
- (2) Includes 461,538 shares of common stock that may be acquired pursuant to the exercise of warrants held by Warburg Pincus Private Equity IX, L.P., a Delaware partnership, or WP IX. The sole general partner of WP IX is Warburg Pincus IX LLC, a New York limited liability company, or WP IX LLC. Warburg Pincus Partners, LLC, a New York limited liability company, or WP Partners, is the sole member of WP IX LLC. Warburg Pincus & Co., a New York general partnership, or WP, is the managing member of WP Partners. WP IX is managed by Warburg Pincus LLC, a New York limited liability company, or WP LLC. David B. Krieger, one of our directors, is a Managing Director of WP LLC and a General Partner of WP. The shares and shares underlying warrants acquired by WP IX are reflected as indirectly owned by Mr. Krieger because of his affiliation with the Warburg Pincus entities. Mr. Krieger disclaims beneficial ownership of the shares and shares underlying warrants held by WP IX, except to the extent of his pecuniary interests therein. Charles R. Kaye and Joseph P. Landy are Managing General Partners of Warburg Pincus and Managing Members and Co-Presidents of WP and may be deemed to control the Warburg Pincus entities. Messrs. Kaye and Landy disclaim beneficial ownership of all shares held by the Warburg Pincus entities. The address for WP IX, WP IX LLC, WP Partners, WP, WP LLC, and Messrs. Kaye, Krieger and Landy is 450 Lexington Avenue, New York, NY 10017.

- (3) Represents 2,642,726 shares of common stock held by Rothschild Trust Guernsey Limited as Trustee F/B/O the Ambergate Trust, or Rothschild, and 359,000 shares of common stock held by The Lynda De Logi trust. Includes 453,866 shares of common stock that may be acquired pursuant to the exercise of warrants held by Rothschild. Mr. De Logi is the settlor of the Ambergate Trust and one of the beneficiaries. Mr. De Logi disclaims beneficial ownership of the shares held by the Ambergate Trust. The address for Rothschild is PO Box 472, St. Peter's House, Le Bordinge, St. Peter Port GY1 6AX, Guernsey.
- (4) Represents 793,333 shares of common stock held by Oxford Bioscience Partners II, L.P., 103,229 shares of common stock held by Oxford Bioscience Partners (GS-Adjunct) II, L.P., 221,111 shares of common stock held by Oxford Bioscience Management Partners II, 162,406 shares of common stock held by Oxford Bioscience Partners (Adjunct) II, L.P. and 565,112 shares of common stock held by Oxford Bioscience Partners (Bermuda) II, Limited Partnership. OBP Management II L.P. is the general partner of Oxford Bioscience Partners II L.P., Oxford Bioscience Partners (Adjunct) II L.P. and Oxford Bioscience Partners (GS-Adjunct) II L.P. Edmund Olivier, Alan Walton, Cornelius Ryan and Jonathan Fleming are the general partners of OBP Management II L.P. OBP Management (Bermuda) II Limited Partnership is the general partner of Oxford Bioscience Partners (Bermuda) II Limited Partnership. Edmund Olivier, Alan Walton, Cornelius Ryan and Jonathan Fleming are the general partners of Oxford Bioscience Partners (Bermuda) II Limited Partnership. Messrs. Olivier, Walton, Ryan and Fleming all disclaim beneficial ownership of the shares except to the extent of their pecuniary interests therein. The shares acquired by the Oxford Bioscience entities are reflected as indirectly owned by Mr. Olivier because of his affiliation with the Oxford Bioscience entities. The address for Oxford Bioscience Partners is 535 Boylston Street, Suite 402, Boston, MA 02116.
- (5) Represents 105,529 shares of common stock held by Adviesbeheer Gimv Life Sciences 2004 N.V. and 1,515,201 shares of common stock held by Gimv N.V. Includes 22,308 shares of common stock that may be acquired pursuant to the exercise of warrants held by Adviesbeheer Gimv Life Sciences 2004 N.V. and 126,410 shares of common stock that may be acquired pursuant to the exercise of warrants held by Gimv N.V. The address for Adviesbeheer Gimv Life Sciences 2004 N.V. and Gimv N.V. is Karel Oomsstraat 37, B-2018, Antwerpen, Belgium.
- (6) Represents 1,134,780 shares of common stock held by Oppenheimer International Growth Fund and 342,173 shares of common stock held by Oppenheimer MassMutual International Equity Fund. Includes 126,666 shares of common stock that may be acquired pursuant to the exercise of warrants held by Oppenheimer International Growth Fund. The address for Oppenheimer International Growth Fund is 2 World Financial Center, 225 Liberty Street, New York, NY 10281.
- (7) Includes 53,330 shares of common stock held by Lynda De Logi, Walter De Logi's spouse.
- (8) Includes 30,000 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 5,313 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Brandys's cessation of service with us prior to vesting.
- (9) Includes 114,999 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 25,140 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Dr. Flavell's cessation of service with us prior to vesting.
- (10) Includes 181,360 shares of common stock held by The Robert Goldberg Revocable Living Trust and 31,666 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 3,542 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Dr. Goldberg's cessation of service with us prior to vesting.
- (11) Includes 33,333 shares of common stock held by Dr. Richard Hamilton 2011-Ceres GRAT and 722,331 shares of common stock issuable pursuant to stock options exercisable within 60 days July 2, 2012, 66,666 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Dr. Hamilton's cessation of service with us prior to vesting.
- (12) Includes 61,666 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 7,084 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Kiley's cessation of service with us prior to vesting. Includes 14,743 shares of common stock held by The Kiley Revocable Trust and 5,128 shares of common stock issuable upon the exercise of warrants held by The Kiley Revocable Trust.

- (13) Consists of 2,889,866 shares of common stock held by WP IX, including the 582,174 shares identified in footnote 2.
- (14) Consists of 1,845,191 shares of common stock identified in footnote 4, 6,666 shares of common stock held by Mr. Olivier and 19,230 additional shares of common stock held by The Edmund and Ellen Olivier Revocable Family Trust.
- (15) Consists of 156,664 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 30,904 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Kuc's cessation of service with us prior to vesting.
- (16) Consists of 146,664 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 28,611 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Mr. Stephenson's cessation of service with us prior to vesting.
- (17) Consists of 72,498 shares of common stock issuable pursuant to stock options exercisable within 60 days of July 2, 2012, 27,223 of which are unvested and early exercisable and would be subject to a right of repurchase in our favor upon Ms. van Assche's cessation of service with us prior to vesting.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation

The following discussion describes and analyzes the compensation of our named executive officers for our fiscal year ended August 31, 2011, or fiscal 2011, who are Richard Hamilton, our President and Chief Executive Officer (CEO), Paul Kuc, our Chief Financial Officer (CFO), and Richard Flavell, our Chief Scientific Officer (CSO), Wilfriede van Assche, our Senior Vice President, General Counsel and Secretary and Michael Stephenson, our Vice President of Operations, our three most highly compensated executive officers during fiscal 2011, other than the CEO and CFO.

We were formed in 1996 and became operational in 1997. While our founders continue to serve us in key roles, we have added a number of executive officers since our formation, including our CEO, CFO and other executives. These additional executives have joined us at various times since 1996. In February 2012, we completed the initial public offering of our common stock. We are building a fully integrated seed company capable of serving the commercial-scale needs of the emerging renewable energy industry. Our success depends, among other things, on attracting and retaining executive officers with experience and skills in a number of different areas as we continue to develop new products and seek to commercialize them.

Executive Compensation Procedures

Annually, we review the compensation of our management and employees, including our named executive officers. We follow an annual review process, which consists primarily of individual evaluations and scoring of employee performance, based on meeting personal, departmental and overall company goals. Potential compensation changes are based on the rank and distribution of these scores within the individual employee's level, department and the overall company, as well as budgetary goals.

Our Compensation Committee has historically reviewed and recommended, and our board of directors has approved, the compensation of our CEO, CFO and other named executive officers. Our Compensation Committee has taken into consideration the input and recommendations of our CEO regarding the performance and compensation of named executive officers other than himself. Our Compensation Committee reviews and recommends to the board of directors for approval the compensation of all of our named executive officers and oversees and administers our executive compensation programs and initiatives. The Compensation Committee is also responsible for the evaluation of the performance of our named executive officers. The Compensation Committee takes into consideration input and recommendations from our CEO with respect to the performance and compensation of executive officers other than himself; however, the Compensation Committee retains the authority to make the final recommendation to the board for approval. Furthermore, the Compensation Committee meets outside the presence of the CEO when determining his compensation.

Our approach to structuring and determining compensation for our named executive officers is related to our stage of development. Prior to our initial public offering, we were a privately held company. In determining executive compensation, we informally considered a wide variety of factors in arriving at our compensation decisions, including the competitive market for corresponding positions within comparable geographic areas, and compensation arrangements at companies of similar size and stages of development in the biotechnology and renewable energy industries. Information about these corresponding positions was based on the general and personal knowledge of our Compensation Committee members and board of directors and their experiences with other companies, as well as consultations with our CEO and human resources staff and their prior experience and personal knowledge from contacts with other professionals in the industry. In addition, our Compensation Committee and board of directors consulted publicly available compensation surveys to understand our compensation practices as compared to those of other companies with similar employee numbers, revenues, market capitalization, and other measures within our industry. In fiscal 2011, we reviewed the Radford Global Life Sciences Survey (Southern California), which aggregated survey results from 130 biotechnology, pharmaceutical and medical device companies with revenues of less than \$1 billion (though the survey does not identify the names of these companies). We targeted the 60th percentile of the survey in setting base salary levels for our named executive officers, but for setting other components of compensation, we did not target a benchmark but rather considered the survey as one of many factors.

In addition to the foregoing factors, our Compensation Committee also considered the experience levels and past performance of our named executive officers in determining their compensation levels.

In May 2011, our Compensation Committee retained Compensia, who assisted our Compensation Committee to select a peer group with whom the Company can compare its compensation levels and practices. The peer group that was selected included the following twenty public companies:

Amyris, Inc.	Halozyme Therapeutics, Inc.	Rentech, Inc.
ArborGen Inc.	Inspire Pharmaceuticals, Inc.	Sangamo Biosciences, Inc.
Array BioPharma Inc.	Isis Pharmaceuticals, Inc.	Solazyme, Inc.
Codexis, Inc.	Kior, Inc.	Synta Pharmaceuticals Corp.
FutureFuel Corp.	Lexicon Pharmaceuticals, Inc.	Targacept, Inc.
Genron Corporation	Metabolix, Inc.	Verenium Corporation
Gevo, Inc.	Myriant Corporation	

Compensation Philosophy and Objectives

We favor a pay-for-performance compensation philosophy that is driven by individual and corporate performance, while balancing short-term and long-term company goals. We use a combination of cash payments and equity awards that we believe to be appropriate for motivating our executive officers. In addition, we believe that internal pay equity is an important consideration in determining executive compensation. However, we do not use a formulaic approach to determine pay components or amounts. As we continue to gain experience as a public company, we expect that the specific direction, emphasis and components of our executive compensation program will continue to evolve. Our executive compensation program is currently designed to:

align the interests of our executive officers with stockholders by motivating executive officers to meet our long-term objectives and increase stockholder value by rewarding executive officers when stockholder value increases;

attract and retain talented and experienced executives who will strategically address our short-term and long-term needs;

reward executives whose knowledge, skills and performance are critical to our success;

ensure fairness among the executive management team by recognizing the contributions each executive makes to our success; and

foster a shared commitment among executives by aligning their individual goals with the goals of the executive management team and our stockholders.

Our executive compensation program rewards corporate achievement, as well as team and individual accomplishments, by emphasizing a combination of corporate results and individual accountability. To help achieve these objectives, the Compensation Committee determines a portion of the executives' overall compensation based on the Company's key business, financial and operational achievements, such as revenue, product development, manufacturing metrics, business development and innovation, and the Compensation Committee's assessment of each executive's individual contributions to these achievements. The Compensation Committee also considers each executive officer's individual performance, including contributions to the Company's organizational development and management; technological, scientific, budgetary and other business goals; and other qualitative factors as determined by the Compensation Committee.

We also seek to promote a long-term commitment to us by our executives. We believe that there is great value to us in having a team of long-tenured, seasoned managers. Our team-focused culture and management processes are designed to foster this commitment. In addition, our equity compensation program and the vesting schedule attached to equity awards is generally based upon the requirement of continued employment for four years for the executive to fully vest in the equity award, and is intended to retain our executives and reinforce this long-term commitment.

Elements of Compensation and Pay Mix

For fiscal 2011, our executive compensation consisted of the following elements (discussed in detail below) to promote our pay-for-performance philosophy and other compensation goals and objectives:

base salary;

annual cash bonuses linked to our overall performance and individual performance;

grants of long-term equity-based compensation;

health and retirement benefits generally available to employees;

limited severance payments for certain of our executives; and

limited personal benefits for certain of our executives.

We combine these elements to form compensation packages that provide competitive pay, reward the achievement of financial, operational and strategic objectives, align the interests of our executive officers and other senior personnel with those of our stockholders, and balance short-term and long-term incentives.

We believe this combination of elements provides a well-proportioned mix of secure compensation and at-risk compensation. By following this approach, we motivate our executives to focus on business results that will produce a high level of short-term and long-term performance for us and potential long-term value creation for our executives, as well as reduce the risk of recruitment of top executive talent by competitors.

Short-Term Incentives

Base Salary. Base salary is designed to provide our executive officers with steady cash flow during the course of the year that is not contingent on short-term variations in our corporate performance. The base salaries for each of our named executive officers are intended to reflect wages that we believe are competitive for positions in companies of similar size and stage of development and are generally targeted at the 60th percentile of the Radford Survey described above. The setting of salaries also includes a subjective judgment as to appropriate levels taking into account each individual's job duties, responsibilities and experience and comparisons to the salaries of our other named executive officers. Base salaries are reviewed at least annually (or

more frequently in specific circumstances) and may be recommended for adjustment from time to time based on the results of this review. We expect that salary increases will continue to be determined using a combination of relevant competitive market data and assessment of individual performance. As part of our annual review, in 2011, we increased the base salaries of our named executive officers by between 2% and 5%. With the exception of Dr. Flavell and Mr. Stephenson, the base salaries of each of our named executive officers in fiscal 2011 was between 10% and 13% lower than the Radford Survey's 60th percentile. Dr. Flavell's fiscal 2011 base salary was approximately 2% lower than the Radford Survey's 60th percentile. Mr. Stephenson's base salary was approximately 7% higher than the Radford Survey's 60th percentile. The lower levels of the base salaries of our named executive officers (other than Mr. Stephenson) in fiscal 2011 as compared with the Radford Survey's 60th percentile were due to current economic conditions and budgetary concerns. Mr. Stephenson's base salary exceeded the 60th percentile target because the Compensation Committee determined that his job description and responsibilities were broader than those described for his comparable position in the survey.

Upon the effective date of our initial public offering, we provided a salary increase for certain of our named executive officers, as follows:

Name	Post-Offering Salary (\$)
Richard Hamilton	466,000
Paul Kuc	323,000
Richard Flavell	306,000
Wilfriede van Assche	300,000
Michael Stephenson	300,000

The Compensation Committee (and the board of directors) determined that these base salaries would be appropriate for our named executive officers now that we are a publicly traded company, based on a number of considerations, including anticipated individual duties and responsibilities after the offering and information provided by Compensia.

Cash Bonuses. Historically, we have awarded cash bonuses to our named executive officers shortly after the end of each calendar year based on performance during the prior fiscal year. The Compensation Committee evaluates company and individual performance throughout the year and, after the end of the fiscal year, recommends bonus payout levels to the board of directors for approval.

In general, the amount of each named executive officer's target bonus is not determined by applying a specific formula, but is determined based upon the following: (i) the achievement of company milestones; (ii) the achievement of individual milestones; and (iii) other factors deemed relevant by the board of directors. In December 2011, the Compensation Committee conducted a qualitative assessment of corporate and individual performance and other factors and recommended (and the board of directors approved) fiscal 2011 bonus amounts for the named executive officers. The following table sets forth the 2011 bonus target levels and actual bonuses paid as a percentage of base salary for each of the named executive officers:

Name	Target Bonus as a Percent of Base Salary (%)	Actual Bonus as a Percent of Base Salary (%)
Richard Hamilton	35	24
Paul Kuc	30	27
Richard Flavell	30	22
Wilfriede van Assche	30	24
Michael Stephenson	30	25

The Compensation Committee and the board of directors initially established higher fiscal 2011 target bonus levels in recognition of the Company's anticipated initial public offering. Because the initial public offering did

not occur before fiscal 2011 bonuses were paid, the Compensation Committee and the board of directors determined it was appropriate to reduce the fiscal 2011 target bonus levels back to the levels used during and prior to fiscal 2010.

The Compensation Committee determined the actual bonus payouts to named executive officers based on the Company's achievement of certain corporate milestones, the individual executives' achievement of individual milestones and other factors. Our corporate milestones are a combination of business, operating, financial and technology based goals that are evaluated throughout the year by the board of directors. The corporate milestones considered included the following:

Achievement of agronomy and industrial processing milestones and results;

Achievement of the Company's 2011 finance and budgetary goals;

Achievement of research and development milestones and results; and

Raising the profile of the Company and its products.

The individual milestones considered were unique to each named executive officer. For Richard Hamilton (our CEO), the individual milestones included managing and developing direct reports, the senior management team, and key employees; creating and maintaining a cohesive team and developing the Company's management structure as a public company; and developing and managing relations with the board of directors, investors, partners and service providers, as well as serving as the Company's key spokesperson and favorably raising its profile. For Paul Kuc (our CFO), the individual milestones included contributing to the achievement of key finance, audit and budgetary goals; building Company business and contributing to the completion of key licensing agreements; and managing and developing direct reports and key employees. For Richard Flavell (our CSO), the individual milestones included raising the Company's profile through scientific research and publications; overseeing the execution of product development plans and contributing to agronomy and breeding operations; and managing and developing direct reports and key employees. For Wilfriede van Assche (our Senior Vice President, General Counsel and Secretary), the individual milestones included preparing documentation for the initial public offering; facilitating relationships with external collaborators; contributing to the completion of key licensing agreements and grants; and managing and developing direct reports and key employees. For Michael Stephenson (our Vice President of Operations), the individual milestones included contributing to the achievement of successful agronomy and industrial milestones; selecting and producing seed for future commercial plans; and managing and developing direct reports and key employees.

Other factors that were considered by the Compensation Committee and the board of directors were the Company's desire to enhance internal pay equity for the fiscal year among other non-executive officers, budgetary constraints, Company performance, general economic factors, and an analysis of actions taken at other companies in our industry.

The Compensation Committee and the board of directors determined that fiscal 2012 bonus amounts will also not be determined by applying a specific formula, but will be based upon the Compensation Committee and the board of directors' subjective assessment of the achievement of corporate and individual milestones and other factors. The Compensation Committee identified the following key corporate milestones in respect of fiscal 2012 bonuses:

Achievement of the Company's 2012 finance and budgetary goals;

Expansion of the Company's operations in Brazil; and

Development and advancement of the Company's proprietary technology.

Individual milestones and other factors that will be used to analyze and determine fiscal 2012 bonus amounts have not yet been determined.

Long-Term Incentives

Long-Term Equity Compensation. Our equity incentive program is intended to reward longer-term performance and to help align the interests of our executive officers with those of our stockholders. We believe that long-term performance is achieved through an ownership culture that rewards such performance by our executive officers through the use of equity incentives. Prior to our initial public offering, our long-term incentives generally consisted of stock option grants. Our stock option grants generally have a four-year vesting schedule with 25 percent vesting on the first anniversary of the vesting commencement date and the remainder vesting ratably each month thereafter over the next three years. We believe that our equity incentive program is an important retention tool for our employees, including our named executive officers.

Initial equity compensation awards for our named executive officers are individually negotiated with each executive officer at the time they are hired and subsequent grants are made at the discretion of our Compensation Committee and our board of directors. Equity awards to executive officers have not historically been based upon a formula, but rather are determined on a case-by-case basis considering the executive's current share ownership, his or her current overall compensation levels, the Company's need to incentivize the executive in the long term and retention needs.

In January 2011, we granted stock options to Dr. Flavell and Ms. van Assche in order to better align their equity compensation with that of our other executive officers. We granted Ms. van Assche options to purchase 16,666 shares of our common stock and Dr. Flavell options to purchase 33,333 shares of our common stock, each with an exercise price of \$7.32 per share, which was the fair market value of our common stock on January 20, 2011, the grant date. Upon making the grant to Dr. Flavell, we also cancelled a prior option grant to him from June 8, 2010, that had an exercise price of \$6.75 per share, in furtherance of the equity compensation alignment objective described above. Dr. Flavell's January 2011 grant has a three-year vesting period in recognition of the fact that a portion of his cancelled June 2010 award would have vested prior to the first anniversary of his January 2011 grant. Under this three-year vesting schedule, 25 percent of the options vested on the grant date and the remainder vest in equal monthly installments over the next three years. Ms. van Assche's January 2011 grant has our standard four-year vesting schedule.

In June 2011, we granted additional stock options under our 2010 Stock Option/Stock Issuance Plan to certain key employees, including each of our named executive officers. These stock options are each subject to a five-year vesting schedule with a two-year cliff, with 40 percent of the options vesting on the second anniversary of grant and the remainder vesting ratably each month over the next three years. Our board of directors determined that this five-year vesting schedule was appropriate, rather than our standard four-year schedule, in order to retain and motivate these key employees in light of our initial public offering. All of the stock options awarded in fiscal 2011 (as with our previous stock option grants) were granted with an exercise price equal to the fair market value of our common stock on the date of grant.

Our board of directors also adopted a new 2011 Equity Incentive Plan, which became effective immediately prior to the completion of our initial offering. In order to further motivate and retain our key employees through and after the completion of our initial public offering, our board of directors also approved a grant of stock options under the 2011 Equity Incentive Plan to certain key employees, including our named executive officers, contingent upon and effective on the effective date of the offering, having an exercise price equal to the initial public offering price per share of \$13.00. These stock options also vest over five years, with 40 percent vesting on the second anniversary of the grant, and the remainder vesting in equal monthly installments over the next three years. The stock options awarded to our named executive officers under the 2011 Equity Incentive Plan on the effective date of our initial public offering were as follows:

Name	Number of Shares Subject to the Option
Richard Hamilton	133,333
Paul Kuc	46,666
Richard Flavell	20,000
Wilfriede van Assche	30,000
Michael Stephenson	30,000

We expect to continue to grant stock options to our executive officers, and we may also utilize other types of equity awards.

Other Compensation and Benefits

Other Employee Benefits. We maintain a 401(k) plan in which substantially all of our employees are entitled to participate, under which we provide matching contributions of 50 percent of the employee's contributions up to a maximum of 4 percent of the employee's income (or 50 percent of employee contributions of up to 8 percent of the employee's base salary). We provide health care, dental, vision, life insurance, disability and other welfare benefits to all full-time employees, including our executive officers. These benefits are available to substantially all employees, subject to applicable laws. We generally do not provide other personal benefits to our named executive officers that are not available to other full-time employees on the same terms, though we occasionally provide reimbursement of moving expenses and associated tax gross ups for those amounts as a recruitment tool. We have also provided our CEO with a reimbursement of \$4,451 for personal legal fees and \$800 for associated taxes as provided for in his offer letter in effect at the time such expenses were incurred. In fiscal 2012, we provided our CSO with a reimbursement of \$14,000 for personal legal fees incurred in connection with personal tax and estate planning.

Severance and Change of Control Benefits. Other than with respect to our CEO, CFO and CSO, in fiscal 2011, our named executive officers were not entitled to contractual severance or change in control benefits. Our arrangements with our CEO, CFO and CSO were individually negotiated in connection with their hire. Under those arrangements, each of our CEO and CSO was entitled to limited salary continuation in the event his employment was terminated by us without cause. Our CFO was entitled to a severance payment in the event his employment was terminated in connection with an acquisition of the Company. We have, however, entered into new employment agreements, effective as of September 1, 2011, under which our named executive officers are entitled to certain payments upon their termination without cause, or their resignation for good reason, both in the absence of and in connection with a change in control transaction. Under our 2010 Stock Option/Stock Issuance Plan, or the 2010 Plan, and under our newly adopted 2011 Equity Incentive Plan, vesting of equity awards will accelerate under certain circumstances as described in detail below in the section captioned "Executive Compensation - Potential Severance Payments upon Termination and upon Termination Following a Change in Control". We believe these severance benefits and double trigger change in control benefits are appropriate in order to provide our named executive officer