

MARRONE BIO INNOVATIONS INC  
Form DEF 14A  
November 16, 2015  
Table of Contents

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

**SCHEDULE 14A**  
**(RULE 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**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

**MARRONE BIO INNOVATIONS, INC.**

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

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



3. Filing Party:

4. Date Filed:

Table of Contents

**MARRONE BIO INNOVATIONS, INC.**

1540 Drew Ave.

Davis, CA 95618

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On December 17, 2015**

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Marrone Bio Innovations, Inc., a Delaware corporation. The meeting will be held on December 17, 2015 at 1:00 p.m. pacific time at our corporate headquarters located at 1540 Drew Ave., Davis, California 95618.

Proposals to be considered at the annual meeting:

1. Election of our board's two nominees for Class II directors to serve for the ensuing three years and until their successors are elected.
2. Ratification of the selection by the audit committee of our board of directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.

These items of business are more fully described in the proxy statement accompanying this notice. The record date for the annual meeting is November 9, 2015. Only stockholders of record at the close of business on that date may vote at the meeting or any postponement or adjournment thereof.

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote on the matters to be considered as promptly as possible in order to ensure your representation at the meeting. You may vote via the Internet or by returning the enclosed proxy card. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

By Order of the Board of Directors

Pamela G. Marrone, Ph.D.

*President and Chief Executive Officer*

Davis, California

November 16, 2015

Table of Contents

**Table of Contents**

**ANNUAL MEETING OF STOCKHOLDERS NOTICE OF ANNUAL MEETING AND PROXY  
STATEMENT TABLE OF CONTENTS**

<b><u>QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING</u></b>	1
<u>Why are these proxy materials being made available?</u>	1
<u>How do I attend the annual meeting?</u>	1
<u>Who can vote at the annual meeting?</u>	1
<u>What am I voting on?</u>	1
<u>How do I vote?</u>	2
<u>What if I return a proxy card or otherwise complete a ballot or give voting instructions but do not make specific choices?</u>	2
<u>Who is paying for this proxy solicitation?</u>	2
<u>What does it mean if I receive more than one Notice?</u>	2
<u>Can I change my vote after submitting my proxy?</u>	2
<u>When are stockholder proposals due for next year's annual meeting?</u>	3
<u>What are broker non-votes? How do I vote if I hold my shares in street name?</u>	3
<u>How are votes counted?</u>	3
<u>How many votes are needed to approve each of the proposals?</u>	4
<u>What is the quorum requirement?</u>	4
<u>How many votes do I have?</u>	4
<u>How can I find out the results of the voting at the annual meeting?</u>	4
<b><u>PROPOSAL ONE ELECTION OF CLASS II DIRECTORS</u></b>	5
<u>Required Vote</u>	5
<u>Recommendation</u>	5
<b><u>INFORMATION REGARDING OUR NOMINEES AND DIRECTORS</u></b>	6
<u>Nominees for Class II Directors</u>	6
<u>Continuing Directors</u>	7
<b><u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u></b>	9
<u>Board of Directors and Leadership Structure</u>	9
<u>Director Independence</u>	9
<u>Role of the Board in Risk Oversight</u>	10
<u>Board Meetings</u>	10
<u>Contacting the Board of Directors</u>	10
<u>Committees of the Board</u>	10
<u>Corporate Governance</u>	12
<u>Compensation Committee Interlocks and Insider Participation</u>	12
<u>Director Compensation</u>	13
<b><u>EXECUTIVE COMPENSATION</u></b>	16
<u>Executive Officers</u>	16
<u>Executive Compensation Tables</u>	17
<u>Option Exercises and Stock Vested</u>	20
<u>Employment Agreements</u>	20
<u>Compensation Risk Management</u>	22
<u>Employee Benefit and Stock Plans</u>	22
<u>Equity Compensation Plan Information</u>	26



**Table of Contents**

<u>Limitations of Liability and Indemnification Matters</u>	26
<u>PROPOSAL TWO RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	28
<u>Independent Registered Public Accounting Firm Fee Information</u>	28
<u>Pre-Approval Procedures of Audit and Non-Audit Services by the Independent Registered Public Accounting Firm</u>	29
<u>Required Vote</u>	29
<u>Recommendation</u>	29
<u>REPORT OF THE AUDIT COMMITTEE</u>	30
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	31
<u>Beneficial Ownership of Our Common Stock</u>	31
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	34
<u>TRANSACTIONS WITH RELATED PERSONS</u>	35
<u>Related-Person Transactions Policy and Procedures</u>	35
<u>Certain Related-Person Transactions</u>	35
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	36
<u>AVAILABLE INFORMATION</u>	36
<u>Form 10-K</u>	36
<u>Internet Availability of Proxy Materials</u>	36
<u>OTHER MATTERS</u>	37

**Table of Contents**

1540 Drew Ave.

Davis, CA 95618

**PROXY STATEMENT FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING**

**Why are these proxy materials being made available?**

On or about November 16, 2015, we will mail to our stockholders of record and beneficial owners a 2015 Notice and Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the proxy materials). We are providing you with these proxy materials because the board of directors of Marrone Bio Innovations, Inc. (which we refer to in this proxy statement as MBI, the Company, we, or us) is soliciting your proxy to vote at the annual meeting. You are invited to attend the annual meeting and we request that you vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply vote your shares by proxy via the Internet or by completing, signing and returning the enclosed proxy card.

**How do I attend the annual meeting?**

The meeting will be held on December 17, 2015 at 1:00 p.m. pacific time at our corporate headquarters located at 1540 Drew Ave., Davis, California 95618.

**Who can vote at the annual meeting?**

Only stockholders of record at the close of business on November 9, 2015 will be entitled to vote at the annual meeting. On the record date, there were 24,464,582 shares of common stock outstanding and entitled to one vote each.

*Stockholder of Record: Shares Registered in Your Name*

If, on November 9, 2015, your shares of our common stock were registered directly with American Stock Transfer and Trust Company, LLC, our transfer agent for our common stock, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to vote your proxy on the matters to be considered as promptly as possible in order to ensure your representation at the meeting. You may vote your proxy via the Internet or by returning the enclosed proxy card.

*Beneficial Owner: Shares Registered in the Name of a Broker or Bank*

If, on November 9, 2015, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and the Notice is being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.





## **Table of Contents**

### **What am I voting on?**

There are two matters scheduled for a vote and for which we are soliciting your proxy:

1. Election of our board's two nominees for Class II directors.
2. Ratification of the selection by the audit committee of our board of directors of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.

You may either vote For all the nominees to the board of directors or you may Withhold your vote for any nominee(s) you specify. For the proposal regarding ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm, you may vote For or Against the proposal or abstain from voting.

### **How do I vote?**

The procedures for voting are as follows:

#### *Voting via the Internet*

You can vote your shares via the Internet by following the instructions in the enclosed proxy card. The Internet voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm your voting instructions have been properly recorded. If you vote via the Internet, you do not need to mail a proxy card.

#### *Voting by Mail*

You can vote your shares by mail by returning the enclosed proxy card per the instructions on the card.

### **What if I return a proxy card or otherwise complete a ballot or give voting instructions but do not make specific choices?**

If you return a signed and dated proxy card or otherwise complete a ballot or voting instructions without marking your selections, your shares will be voted, as applicable, For the election of two nominees for director, and For the ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015. The board of directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

### **Who is paying for this proxy solicitation?**

We are paying for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one Notice?**

If you receive more than one Notice, your shares are registered in more than one name or are registered in different accounts. Please follow the voting instructions on the Notice and vote your shares for each name or account to ensure that all of your shares are voted.

## **Table of Contents**

### **Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of four ways:

You may submit another properly completed proxy card with a later date;

You may grant a subsequent proxy through our Internet voting site;

You may send a written notice that you are revoking your proxy to our Corporate Secretary at 1540 Drew Ave., Davis, California 95618; or

You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy. Please remember, as mentioned above, if you are a beneficial owner of shares you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker, bank or other agent that holds your shares in street name.

If your shares are held by your broker, bank or another agent as a nominee or agent, you should follow the instructions provided by your broker, bank or other agent.

### **When are stockholder proposals due for next year's annual meeting?**

Our stockholders are entitled to present proposals for action at a forthcoming meeting if they comply with the requirements of our bylaws and the rules established by the SEC. We anticipate that the date of our 2016 annual meeting of stockholders will be more than 30 days before the anniversary date of this year's meeting. As a result, to be considered for inclusion in the proxy statement for our 2016 annual meeting of stockholders, stockholder proposals must be delivered to our principal executive offices not later than the close of business on the later of the 45th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Any stockholder proposal (including a proposal to nominate a candidate for director) that is not submitted for inclusion in the proxy statement for our 2016 annual meeting of stockholders must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 45 days prior to the date of the annual meeting. Proposals should be addressed to our Corporate Secretary at 1540 Drew Ave., Davis, California 95618. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

### **What are broker non-votes? How do I vote if I hold my shares in street name?**

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions).

If your shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct

your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to routine discretionary items, but not with respect to non-discretionary items under the rules of the New York Stock Exchange, or NYSE, on which your broker may vote shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Under NYSE rules, elections of directors are considered to be non-routine and, therefore, brokers and other nominees will not be able to vote in the election of directors unless they receive instructions from the beneficial owners of the shares.

**How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold votes and any broker non-votes for the election of directors. Broker non-votes will not count for or against any nominees.

## **Table of Contents**

With respect to the ratification of Ernst & Young, the inspector of election will separately count For and Against votes. Abstentions will be counted towards the vote total for the proposal, and will have the same effect as Against votes. Broker non-votes will have no effect and will not be counted towards the vote total for the proposal.

### **How many votes are needed to approve each of the proposals?**

**Proposal 1 Election of our two nominees for Class II directors.** The two nominees receiving the most For votes (among votes properly cast in person or by proxy) will be elected.

**Proposal 2 Ratification of the selection by the audit committee of our board of directors of Ernst & Young LLP as the independent registered public accounting firm of Marrone Bio Innovations for our fiscal year ending December 31, 2015.** This proposal must receive a For vote from the holders of a majority of the voting power present and entitled to vote either in person or by proxy on the proposal. If you Abstain from voting, it will have the same effect as an Against vote.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at the meeting there are present in person or represented by proxy the holders of outstanding shares of common stock entitled to cast a majority of the votes that could be cast by all outstanding shares of common stock. On the record date, there were 24,464,582 shares of common stock outstanding, all of which are entitled to vote. Thus, holders of shares representing at least 12,232,292 votes must be present in person or represented by proxy at the meeting to have a quorum.

Shares that are voted in person or by proxy are treated as being present at the meeting for purposes of establishing a quorum. Abstentions and broker non-votes will also be counted for purposes of calculating whether a quorum is present at the annual meeting. If there is no quorum, the holders of shares representing a majority of the votes present at the meeting may adjourn the meeting to another date.

### **How many votes do I have?**

On each matter to be voted upon, for holders of our common stock, you have one vote for each share of common stock you owned as of November 9, 2015.

### **How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the annual meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

**Table of Contents**

**PROPOSAL ONE**

**ELECTION OF CLASS II DIRECTORS**

Pursuant to our certificate of incorporation, our board of directors is divided into three classes with staggered three-year terms. The total number of authorized directors on our board of directors upon the commencement of the 2015 annual meeting has been fixed at seven by a resolution of our board of directors, and two directors will serve as Class II directors whose terms will expire at the annual meeting of stockholders to be held in 2018.

There are two nominees for Class II director at this annual meeting, Timothy Fogarty and Richard Rominger. Stockholders cannot submit proxies voting for a greater number of persons than the two nominees named in this Proposal One. Each director to be elected will hold office until the annual meeting of stockholders held in 2018 and until his successor is elected or until the director's death, resignation or removal. Each nominee is currently a director of Marrone Bio Innovations and has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve.

On November 9, 2015, Shaugn Stanley notified the Company that he will not stand for re-election at the 2015 annual meeting. Mr. Stanley will continue to serve as a director until such meeting. His decision not to stand for re-election to our board of directors is solely for personal reasons and time considerations and did not involve any disagreement with the Company, our management or our board of directors.

There are no family relationships between any of our directors, nominees or executive officers. There are also no arrangements or understandings between any director, nominee or executive officer and any other person pursuant to which he or she has been or will be selected as a director and/or executive officer.

**Required Vote**

The two nominees receiving the highest number of FOR votes shall be elected as Class II directors. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named above. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for such nominee will instead be voted for the election of a substitute nominee proposed by our board of directors and the nominating and corporate governance committee. Under the rules of the NYSE, brokers are prohibited from giving proxies to vote on elections of directors unless the beneficial owner of such shares has given voting instructions on the matter. This means that if your broker is the record holder of your shares, you must give voting instructions to your broker with respect to the two nominees in this Proposal One if you want your broker to vote your shares on the matter. Otherwise, your shares will be treated as broker non-votes. Broker non-votes will have no effect on the outcome of the vote.

**Recommendation**

**The board of directors recommends a vote FOR each nominee named in Proposal One.**

**Table of Contents****INFORMATION REGARDING OUR NOMINEES AND DIRECTORS**

The following table sets forth information as of November 9, 2015 with respect to the nominees for election as Class II directors of our board.

**Class II Director Nominees**

<b>Name<sup>(1)</sup></b>	<b>Age</b>	<b>Position</b>
Timothy Fogarty	54	Audit Committee and Compensation Committee Member
Richard Rominger	88	Compensation Committee and Nominating and Corporate Governance Committee Member

**Continuing Directors**

<b>Name</b>	<b>Age</b>	<b>Class<sup>(2)</sup></b>	<b>Position</b>
Pamela G. Marrone, Ph.D.	59	I	President and Chief Executive Officer
Les Lyman	68	I	Nominating and Corporate Governance Committee Member <sup>(3)</sup>
Pamela Contag, Ph.D.	58	III	Compensation Committee Chair
Elin D. Miller	55	III	Chair of the Board and Nominating and Corporate Governance Committee Chair
George H. Kerckhove	78	III	Audit Committee Member

- (1) Shaugn Stanley, a Class II director as of November 9, 2015, will continue to serve until the 2015 annual meeting. He serves as audit committee chair and a member of the nominating and corporate governance committee.
- (2) The terms of Class I directors will expire at the 2017 annual meeting. The terms of Class III directors will expire at the 2016 annual meeting.
- (3) In accordance with NASDAQ listing standards, Mr. Lyman will resign from his position on the nominating and corporate governance committee effective as of the date of the 2015 annual meeting.

**Nominees for Class II Directors**

**Timothy Fogarty** has served on our board of directors since 2010. As the chief financial officer and a partner of The Contrarian Group, Inc., a private equity fund where he has worked since May 2006, Mr. Fogarty previously served on the boards of TeachTown, Amanzi and Bellwether Marine Acquisition Corporation. From December 2003 to March 2006, Mr. Fogarty worked for Cypress Reinsurance, a startup Bermuda reinsurer, as president and chief operating officer. Mr. Fogarty is a Certified Public Accountant in good standing in California and earned a B.S. in Accounting from California State Polytechnic University, Pomona. We believe Mr. Fogarty's qualifications to sit on our board of directors include his extensive experience in investment management and accounting and his perspective gained as a board member of various early-stage companies.

**Richard Rominger** has served on our board since our inception in 2006 and was Chair of our board from 2008 to 2013. Mr. Rominger is a fourth generation Yolo County, California farmer and is active in farm organizations and cooperatives. Mr. Rominger served as Director (Secretary) of the California Department of Food and Agriculture from 1977 to 1982 and was the Deputy Secretary at the U. S. Department of Agriculture in Washington, DC from 1993 to



2001. Mr. Rominger has served as a production agriculture advisor at University of California, Davis, University of California, Riverside, California State University, Fresno and California Polytechnic State University, San Luis Obispo and has served on the advisory committee of the Agricultural Sustainability Institute at University of California, Davis and as a special advisor to the Chancellor at University of California, Davis. He is a member of the University of California President's Advisory Commission on Agriculture and Natural Resources and the California Roundtable on Agriculture and the Environment and serves on the board of directors of Oryzatech, Inc., a plant based building material company.

## Table of Contents

Mr. Rominger earned a B.S. in Plant Science from University of California, Davis and graduated summa cum laude. We believe Mr. Rominger's qualifications to sit on our board of directors include his years of government experience and his perspective gained as a leader in keeping American agriculture healthy and sustainable.

## **Continuing Directors**

**Pamela G. Marrone, Ph.D.** is our founder and has served as our Chief Executive Officer and has been a member of our board of directors since our inception in 2006 and as our President during that period except from January 2015 through August 2015. Prior to founding the Company, in 1995 Dr. Marrone founded AgraQuest, Inc. (acquired by Bayer), where she served as chief executive officer until May 2004 and as president or chairman from such time until March 2006, and where she led teams that discovered and commercialized several bio-based pest management products. She served as founding president and business unit head for Entotech, Inc., a biopesticide subsidiary of Denmark-based Novo Nordisk A/S (acquired by Abbott Laboratories), from 1990 to 1995, and held various positions at the Monsanto Company from 1983 until 1990, where she led the Insect Biology Group, which was involved in pioneering projects in transgenic crops, natural products and microbial pesticides. Dr. Marrone is an author of over a dozen invited publications, is in demand as a speaker and has served on the boards and advisory councils of numerous professional and academic organizations. In 2013, Dr. Marrone was named the Sacramento region's Executive of the Year by the Sacramento Business Journal and Cleantech Innovator of the Year by the Sacramento Area Regional Technology Alliance and Best Manager with Strategic Vision by Agrow in 2014. Dr. Marrone earned a B.S. in Entomology from Cornell University and a Ph.D. in Entomology from North Carolina State University. We believe Dr. Marrone's qualifications to sit on our board of directors include the fact that, as our founder, Dr. Marrone is uniquely familiar with the business, structure, culture and history of our company and that she also brings to the board of directors considerable expertise based on her management and technical and commercialization experience in the biopesticide industry.

**Les Lyman** has served on our board of directors since October 2013. Mr. Lyman has served as the Chairman of each of The Lyman Group, Inc. and The Tremont Group, Inc., independent agricultural retail companies with 15 locations in northern California, since 2008. Under his leadership, the organizations have grown to become among the largest independent agricultural retailers in the nation. The organizations were honored with the Agricultural Retailers Association's 2011 Retailer of the Year Award and were awarded the Environmental Respect Award in 1996 and 2010 for excellence in environmental stewardship. Mr. Lyman has also directed the founding of Blue Creek Sustainable LLC, MVP Consolidated, FS3, Inland Terminal, and Mar Vista Resources. He previously served as chairman of the board of Integrated Agribusiness Professionals, and as a member of the board of Western Agricultural Chemicals Association, California Fertilizer Association, and the Agricultural Retailers Association. Mr. Lyman holds a degree in Agricultural Business Management from California Polytechnic State University, San Luis Obispo. We believe Mr. Lyman's qualifications to sit on our board of directors include his experience with acquisitions, his extensive experience in building and leading agricultural retail businesses and his overall understanding of the agricultural market, competitors in the market and growers' needs.

**Pamela Contag, Ph.D.** has served on our board of directors since October 2013. Dr. Contag co-founded ConcentRx, a cell-based immune therapy company, where she has served as chief executive officer since 2012. Dr. Contag has served as the chief executive officer of Cygnet Bio Inc., a private company active in the discovery and adaptation of natural products to applications in healthcare, energy, and food, since its founding in 2009. Dr. Contag founded Cobalt Technologies in 2005, where she served as chief executive officer until 2008, and co-founded Xenogen in 1995, where she served until 2006, serially, as chief executive officer, co-chief executive officer and president, during which time the company completed an initial public offering, listing on NASDAQ. Dr. Contag has been featured as one of the top 25 women in small business by Fortune magazine, and in 2011, she was honored with Astia's Cleantech Innovator of the Year award for her contributions at Cygnet. Dr. Contag has held board positions in the public, private, and

not-for-profit sectors, including chairman of the board of trustees of the Molecular Sciences Institute since 2013, where she has served as a trustee since 2011, and board positions at Delcath Systems, Inc. and StartUp America, to which she was appointed by the White House. Dr. Contag also consults in biotechnology for academics and industry and has served as a consulting

**Table of Contents**

professor at Stanford University School of Medicine. She is widely published in the field of microbiology and optical imaging, and has over 35 patents in biotechnology. Dr. Contag received her Ph.D. in Microbiology and Immunology at the University of Minnesota Medical School and completed postdoctoral training at Stanford University School of Medicine, specializing in Host-Pathogen Interactions. We believe Dr. Contag's qualifications to sit on our board of directors include her experience as a biotechnology entrepreneur, her experience as a president in taking a company public and her understanding of new technology.

**Elin D. Miller** has served on our board of directors since 2011 and was appointed the Chair of our board in 2013. Ms. Miller has been the Principal of Elin Miller Consulting, LLC since 2009 and also currently serves on the board of directors of Vestaron Corporation, a venture-backed agricultural biotechnology firm, is chair of National FFA Foundation, NeighborWorks Umpqua, and Umpqua Community College Board of Trustees and is a board member of the regional board of Umpqua Bank. Appointed by the President of the United States, Ms. Miller assumed regional management of the U.S. Environmental Protection Agency (EPA) in the Pacific Northwest from 2006 to 2009. Prior to serving at the EPA, Ms. Miller led Arysta Lifescience Corporation as president and chief executive officer of North America and Australasia from 2004 to 2006. Ms. Miller also served in various positions at Dow Agrosciences/Dow Chemical from 1996 to 2004, including Vice President of Pest Management, Vice President of Asia Pacific, and Global Vice President of Public Affairs. Ms. Miller's career also includes serving as director of the California Department of Conservation and serving as chief deputy director of the Department of Pesticide Regulation at the California Environmental Protection Agency. Ms. Miller earned a B.S. in Agronomy and Plant Protection from the University of Arizona and is a graduate of INSEAD's Advanced Management Program. We believe Ms. Miller's qualifications to sit on our board of directors include her years of regulatory experience and her perspective gained in management of companies in the life sciences, pesticide and agricultural industries.

**George H. Kerckhove** joined our board of directors in July 2014. He has served on the board of directors for Gundersen Medical Foundation since 2010 and previously served on the board of directors for Merix Corporation, where he chaired the audit committee, Wellspring International, American Standard Companies and the Mississippi Valley Conservancy Land Trust. He worked with the American Standard Companies from 1988 through 2000, where he served as VP and chief financial officer, executive VP and global sector manager of various countries and president and general manager of the European Division. Prior to that, he served in a variety of positions from 1962 through 1987 with The Trane Company, from product manager in several product departments, VP and general manager, Process Equipment Division, and executive VP and general manager of both the US and International Commercial Equipment Divisions. Mr. Kerckhove received Bachelor of Science degrees in Agricultural Engineering and Mechanical Engineering, a Master of Science Degree in Mechanical Engineering, and an MBA, all from the University of Wisconsin in Madison. We believe Mr. Kerckhove's qualifications to sit on our board include his education in agricultural engineering and his extensive experience in finance, accounting and management in global publically-traded companies.

**Table of Contents**

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

**Board of Directors and Leadership Structure**

Our board of directors currently consists of eight members. As discussed above in Proposal One, Election of Class II Directors, Shaugn Stanley has determined not to stand for re-election at the 2015 annual meeting, and upon the commencement of the 2015 annual meeting, the size of our board of directors will decrease to seven members and the number of Class II directors will be reduced to two. The authorized number of directors may be changed by resolution of the board of directors.

In accordance with our amended and restated certificate of incorporation and amended and restated bylaws, our board of directors has been divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our current directors have been divided among the three classes as follows:

The Class I directors are Pamela G. Marrone, Ph.D. and Les Lyman and their terms will expire at the annual general meeting of stockholders to be held in 2017;

The Class II directors are Timothy Fogarty, Richard Rominger and Shaugn Stanley and their terms will expire at the annual general meeting of stockholders to be held on December 17, 2015; as discussed above, Mr. Stanley has determined not to stand for re-election at the annual meeting; and

The Class III directors are Pamela Contag, Ph.D., Elin Miller and George H. Kerckhove and their terms will expire at the annual general meeting of stockholders to be held in 2016.

The board currently separates the role of Chairman and Chief Executive Officer, with Dr. Marrone serving as Chief Executive Officer and Ms. Miller serving as Chairman. The board believes that separating these two roles promotes balance between the board's independent authority to oversee our business and the Chief Executive Officer and our management team, which manages the business on a day-to-day basis. The current separation of the Chairman and Chief Executive Officer roles allows the Chief Executive Officer to focus her time and energies on operating and managing the Company and leverages the experience and perspectives of the Chairman.

We believe the board maintains effective independent oversight through a number of governance practices, including our strong committee system, open and direct communication with management, input on meeting agendas, and regular executive sessions.

In addition, the board has established the following procedures for selecting the presiding director during the executive sessions of the board. The presiding director will be (i) the Chairman of the board or (ii) another director appointed by the independent directors. In fiscal year 2014, Ms. Miller, our Chairman, presided at each of the executive sessions of our board.

**Director Independence**

The rules of NASDAQ generally require that a majority of the members of a listed company's board of directors be independent. In addition, the listing rules generally require that, subject to specified exceptions, each member of a listed company's audit, compensation, and governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (Exchange Act) and compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3 and Rule 10C-1, a committee member may not, other than in his or her capacity as a member of the board of directors or any board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

## **Table of Contents**

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Our board of directors has also reviewed whether the directors that comprise our audit committee and compensation committee satisfy the independence standards for those committees established by the applicable SEC rules and NASDAQ rules. In making this determination, our board of directors has considered the relationships that each of these non-employee directors has with our company and all other facts and circumstances our board of directors deem relevant in determining their independence, including the beneficial ownership of our capital stock held by each non-employee director. Based on this determination, the board of directors determined that each of its non-employee members was independent except for Les Lyman.

## **Role of the Board in Risk Oversight**

The board of directors is actively involved the oversight of our risk management process. The board does not have a standing risk management committee, but administers this oversight function directly through the board as a whole, as well as through its standing committees that address risks inherent in their respective areas of oversight. In particular, our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking and our board is responsible for monitoring and assessing strategic risk exposure and other risks not covered by our committees.

The full board, or the appropriate committee, receives reports on risks facing our company from our Chief Executive Officer or other members of management to enable it to understand our risk identification, risk management and risk mitigation strategies. We believe that our board's leadership structure supports effective risk management because it allows the independent directors on our committees to exercise oversight over management.

## **Board Meetings**

During the fiscal year ended December 31, 2014, the board held eighteen (18) meetings, the audit committee held six (6) meetings, the compensation committee held eight (8) meetings and the nominating and corporate governance committee held six (6) meetings. Each of our incumbent directors attended more than seventy five percent of the meetings of the board and of the committees on which the director served that were held during the last fiscal year. Board members are expected to regularly attend all meetings of the Board and committees on which they serve. Our independent directors held an executive session in conjunction with each in-person board meeting during the fiscal year ended December 31, 2014. Last year, all of the members of the board then serving attended the 2014 Annual Meeting of Stockholders.

## **Contacting the Board of Directors**

Any stockholder who desires to contact our board, committees of the board and individual directors may do so by writing to: Marrone Bio Innovations, Inc., 1540 Drew Ave., Davis, California 95618 Attention: Linda V. Moore, General Counsel. Ms. Moore will direct such communication to the appropriate persons.

## **Committees of the Board**

In fiscal year 2014, our board of directors had three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of

our committees are below.



## **Table of Contents**

### ***Audit Committee***

Our audit committee is comprised of Mr. Kerckhove, Mr. Fogarty and Mr. Stanley, each of whom is a non-employee member of our board of directors. Mr. Stanley is our audit committee chair and is our audit committee financial expert, as currently defined under the SEC rules. Our board of directors has determined that each of Mr. Kerckhove, Mr. Fogarty and Mr. Stanley is independent within the meaning of the applicable SEC rules and the listing standards of NASDAQ. Mr. Stanley will continue to serve as our audit committee chair and our audit committee financial expert until the election of directors at the 2015 annual meeting.

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee 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 fee; 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 critical accounting policies and estimates; and annually reviews the audit committee charter and the committee's performance. The audit committee operates under a written charter adopted by the board that satisfies the applicable standards of NASDAQ.

### ***Compensation Committee***

Our compensation committee is comprised of Dr. Contag, Mr. Fogarty and Mr. Rominger, each of whom is a non-employee member of our board of directors. Dr. Contag is our compensation committee chair. Our board of directors has determined that each of Dr. Contag, Mr. Fogarty and Mr. Rominger is independent within the meaning of the applicable SEC rules and the listing standards of NASDAQ.

Our compensation committee reviews and recommends programs, arrangements and policies relating to the compensation and benefits of our officers and employees. The 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. The compensation committee administers the issuance of stock options and other awards under our stock plans. The compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members. The compensation committee operates under a written charter adopted by the board that satisfies the applicable standards of NASDAQ. The compensation committee may form and delegate authority under its charter to subcommittees or other persons when appropriate.

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

Our nominating and corporate governance committee is comprised of Mr. Lyman, Ms. Miller, Mr. Rominger and Mr. Stanley, each of whom is a non-employee member of our board of directors. Ms. Miller is our nominating and corporate governance committee chair. Our board of directors has determined that each of Ms. Miller, Mr. Rominger and Mr. Stanley is independent within the meaning of the applicable SEC rules and the listing standards of NASDAQ. Mr. Stanley will continue to serve on our nominating and corporate governance committee until the election of directors at the 2015 annual meeting. The board determined that Mr. Lyman should serve on the nominating and corporate governance committee for up to two years as permitted under NASDAQ listing standards due to exceptional circumstances. In accordance with such two year limitation, Mr. Lyman will resign from his position on the nominating and corporate governance committee effective as of the date of the 2015 annual meeting.

Our nominating and corporate governance committee is responsible for making recommendations regarding candidates for directorships and the size and the composition of our board of directors. Candidates for

## **Table of Contents**

directorships are identified and considered on the basis of experience, areas of expertise and other factors relative to the overall composition of our board of directors. The nominating and corporate governance committee will consider candidates for directorship recommended by stockholders that are submitted in compliance with its charter. In addition to making recommendations for director candidates, the nominating and corporate governance committee is responsible for overseeing our corporate governance principles and making recommendations concerning governance matters. The nominating and corporate governance committee operates under a written charter adopted by the board that satisfies the applicable standards of NASDAQ.

## **Corporate Governance**

### ***Corporate Governance Guidelines***

Our board has adopted written Corporate Governance Guidelines to assure that the board will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of our management. The guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices the board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluations and succession planning, and board committees and compensation. The nominating and corporate governance committee assists the board in implementing and adhering to the Corporate Governance Guidelines. Our Corporate Governance Guidelines are available on the investor relations section of our website at *investors.marronebio.com* under the heading *Corporate Governance*. The corporate governance guidelines are reviewed at least annually by our nominating and corporate governance committee, and changes are recommended to our board of directors with respect to changes as warranted.

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

We have adopted the Marrone Bio Innovations Code of Business Conduct and Ethics that applies to all officers, directors and employees. Our Code of Business Conduct and Ethics is available on the investor relations section of our website (at *investors.marronebio.com*) under the heading *Corporate Governance*. If we make any substantive amendments to our Code of Business Conduct and Ethics or grant any waiver from a provision of the Code of Business Conduct and Ethics to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on the investor relations section of our website at *investors.marronebio.com* under the heading *Corporate Governance*. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website at the address and location specified above.

### ***Corporate Governance Materials***

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, charters for each committee of the board and other corporate governance documents, are posted on the investor relations section of our website at *investors.marronebio.com* under the heading *Corporate Governance*. In addition, stockholders may obtain a print copy of our Corporate Governance Guidelines, Code of Business Conduct and Ethics as well as the charters of our audit committee, compensation committee and nominating and corporate governance committee by writing to our Corporate Secretary at 1540 Drew Ave., Davis, California 95618.

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

None of our executive officers currently serve, or in the past year have served, as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving on our board of directors.

**Table of Contents****Director Compensation****Director Compensation for Fiscal Year 2014**

Our non-employee directors who served during the fiscal year ended December 31, 2014 received the following compensation for their service on our board of directors.

NAME	FEES EARNED OR		TOTAL (\$)
	PAID IN CASH (\$)	OPTION AWARDS (\$) <sup>(1),(2)</sup>	
Elin Miller	18,125	54,371 <sup>(3)</sup>	72,496
Pamela Contag, Ph.D.	28,750	28,749 <sup>(4)</sup>	57,499
Timothy Fogarty		49,996 <sup>(5)</sup>	49,996
Les Lyman	25,000	25,000 <sup>(6)</sup>	50,000
Richard Rominger		49,996 <sup>(7)</sup>	49,996
Shaugn Stanley	30,000	29,997 <sup>(8)</sup>	59,997
George Kerckhove	25,000	114,548 <sup>(9)</sup>	139,548

- (1) This column reflects the aggregate grant date fair value of option awards granted to our directors estimated pursuant to FASB ASC 718, *Compensation Share based compensation* (ASC 718). Valuation assumptions are described under Note 13 of the Notes to Consolidated Financial Statements included in Part II-Item 8- Financial Statements and Supplementary Data in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.
- (2) The following table sets forth the aggregate number of option awards held by each non-employee director as of December 31, 2014:

NAME	AGGREGATE NUMBER OF OPTION AWARDS
Elin Miller	32,071
Pamela Contag, Ph.D.	24,124
Timothy Fogarty	17,335
Les Lyman	23,388
Richard Rominger	33,357
Shaugn Stanley	26,346
George Kerckhove	20,866

- (3) On May 29, 2014, we granted Ms. Miller an option to purchase 10,674 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015

- annual meeting of the stockholders.
- (4) On May 29, 2014, we granted Dr. Contag an option to purchase 5,644 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.
  - (5) On May 29, 2014, we granted Mr. Fogarty an option to purchase 9,815 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.
  - (6) On May 29, 2014, we granted Mr. Lyman an option to purchase 4,908 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.
  - (7) On May 29, 2014, we granted Mr. Rominger an option to purchase 9,815 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.

**Table of Contents**

- (8) On May 29, 2014, we granted Mr. Stanley an option to purchase 5,889 shares of our common stock with a per share exercise price of \$10.90. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.
- (9) On July 1, 2014, we granted Mr. Kerckhove an option to purchase 16,000 shares of our common stock with a per share exercise prices of \$11.25 upon joining the board. One-third of the total shares subject to his option vest on the date of each of the 2015, 2016 and 2017 annual meetings of the stockholders, such that all of the shares subject to the option will be fully vested upon the date of the 2017 annual meeting of the stockholders. On July 1, 2014, we also granted Mr. Kerckhove an option to purchase 4,866 shares of our common stock with a per share exercise price of \$11.25. All of the shares subject to the option will fully vest upon the date of the 2015 annual meeting of the stockholders.

**Discussion of Director Compensation**

Directors who are employees of ours do not receive any compensation for their service on our board of directors. The following compensation policy has historically been applicable to all of our non-employee directors:

**Initial Equity Grants.** Each non-employee director who joins the board will receive an option to purchase 16,000 shares of our common stock.

**Annual Retainers.** Each non-employee director will receive an annual retainer for service on the board valued at \$50,000, consisting, at each director's option, of up to \$25,000 in cash and the remainder in options, in addition to annual retainers for service as chair of our board of directors, or committees of our board of directors, valued as follows, consisting in each case, at each director's option, of up to 50% in cash and the remainder in options. Each director who is an affiliate of an investor holding more than 5% of our outstanding shares of common stock will receive the entire value of their eligible retainers in options.

Annual retainer fee for services on the board of directors	\$ 50,000
Additional annual retainer fees for service as chair of:	
Board of Directors	\$ 15,000
Audit Committee	\$ 10,000
Compensation Committee	\$ 7,500
Nominating and Corporate Governance Committee	\$ 7,500

We seek to maintain our ability to attract well qualified directors. In October 2014, our board of directors first engaged Pearl Meyer & Partners, LLC ( Pearl Meyer ) to prepare a competitive assessment of non-employee director compensation. Pearl Meyer's report noted that while we compared approximately to the 35th percentile of peers in our industry, director compensation was below competitive levels and suggested that we consider phasing in changes to the mix and levels of cash and stock-based director compensation, including increases to committee compensation. In light of the matters related to our recent audit committee investigation, as described in the Explanatory Note to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, we postponed any changes to director compensation, and in August 2015, Pearl Meyer delivered an updated report to the board of directors regarding market practices, recommending changes, based on our lower financial and size metrics, that would bring our director compensation more comparable to the 25th percentile of peers in our industry. In November 2015, in consideration of the Pearl Meyer report and our financial situation, our board of directors adopted the following update to our compensation policy applicable to all of our non-employee directors:

Initial Equity Grants. Each non-employee director who joins the board will receive restricted stock units valued at \$40,000, with one-third of the restricted stock units vesting on the first anniversary of the director's service and the remainder vesting monthly thereafter.



**Table of Contents**

Annual Retainers. Each non-employee director will receive an annual retainer for service on the board valued at \$50,000, consisting of \$25,000 in cash and the remainder in restricted stock units, in addition to annual cash retainers for service as chair of our board of directors, or as a member or chair of committees of our board of directors, as set forth in the table below. Cash retainers will be paid on a quarterly basis, with restricted stock units awarded at our annual stockholders meeting and vesting after one year.

Additional annual retainer fees for service as a Chair of the Board		\$ 20,000
Additional annual retainer fees for service as a member or chair of (with chair fees inclusive of fees for service as a member):	Member	Chair
Audit Committee	\$ 7,500	\$ 10,000
Compensation Committee	\$ 5,000	\$ 10,000
Nominating and Corporate Governance Committee	\$ 3,750	\$ 7,500

This updated policy will be effective as of our 2015 annual meeting of stockholders, with modified application in consideration of the seven months of additional service by our directors beyond their expected terms as a result of the delay in the anticipated timing of our 2015 annual meeting of stockholders. Accordingly, on the date of our 2015 annual meeting, each of our non-employee directors will receive restricted stock units valued at \$25,000, 7/12ths of which will be vested immediately and the remainder vesting monthly thereafter, and we will make a payment to each of our non-employee directors equal to 7/12ths of the cash annual retainer fees to which he or she would be entitled under the updated policy for such director's current positions on our board of directors and the committees thereof.

In addition, our board of directors from time to time may consider additional payments to our directors in respect of extraordinary service by such director. For example, in 2015, our board of directors approved of payments of \$25,000 to George Kerckhove and \$10,000 to each of Elin Miller and Pamela Contag, Ph.D., each of whom provided, on behalf of the board of directors, input and guidance to our leadership team and executive officers regarding business operations, and \$15,000 to Shaugn Stanley and \$12,500 to Timothy Fogarty in respect of their time and efforts relating to the Audit Committee investigation.

Table of Contents**EXECUTIVE COMPENSATION****Executive Officers**

Our executive officers as of November 9, 2015, their positions and their respective ages on that date are:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Pamela G. Marrone, Ph.D.	59	President and Chief Executive Officer
James B. Boyd	63	Vice President and Chief Financial Officer and Assistant Secretary
Linda V. Moore	69	Vice President, General Counsel, Secretary and Chief Compliance Officer
Brian R. Ahrens	44	Vice President of Sales
Keith J. Pitts	52	Vice President of Regulatory and Government Affairs

Our executive officers serve at the discretion of the board of directors, subject to rights, if any, under contracts of employment. See Employment Agreements. Biographical information for Dr. Marrone is provided above. See Information Regarding Our Nominees and Directors.

**James B. Boyd** was appointed as our Vice President and Chief Financial Officer effective February 2014, and Assistant Secretary effective March 2014. Mr. Boyd previously served as chief financial officer of Quantenna Communications and Link-A-Media Devices, both venture capital backed companies, from 2012 to 2013 and from 2010 to 2012, respectively. From 2007 to 2010, he served as chief financial officer and senior vice president of Silicon Storage Technology and from 2000 to 2007, Mr. Boyd served as chief financial officer and senior vice president of ESS Technology, both NASDAQ listed companies. Mr. Boyd earned an M.B.A. in Finance from the University of Wisconsin and a J.D. from Golden Gate University.

**Linda V. Moore** was appointed as Vice President, General Counsel, Secretary and Chief Compliance Officer in March 2014. Ms. Moore co-founded The Moore Group, where she served as principal from 2005 to 2007, during which time she also served as chief operating officer and general counsel of Mobius Photonics, and 2009 to 2014. From 2007 to 2009, Ms. Moore served as executive vice president, general counsel, chief compliance officer and secretary of Merix Corporation. Ms. Moore has served as an Executive Mentor to Astia (formerly Women's Technology Cluster) and as a member of the Advisory Board for Remedy Interactive and Opportunity Works. She has also taught at the University of Detroit Mercy and Santa Clara University as an adjunct professor. Ms. Moore earned a J.D. at Michigan State University School of Law.

**Brian Ahrens** was appointed as Vice President of Sales in 2014. Previously, from 2005 to 2014 Mr. Ahrens served in various positions, including strategic business leader and innovation leader, at ADAMA (previously MANA), a crop protection solutions company. From 2003 to 2005, he served in various positions, including global strategic marketing manager, at BASF, a leading chemical producer. Mr. Ahrens earned a B.A. in Agriculture Business from Iowa State University.

**Keith J. Pitts** has served as our Vice President of Regulatory and Government Affairs since July 2008. Previously, from January 2001 to June 2007, Mr. Pitts served as Director of Public Policy at the Pew Initiative on Food and Biotechnology, a non-partisan research and policy organization based in Washington, D.C. From 1986 to 2001, Mr. Pitts worked in senior legislative, administrative, regulatory and public policy roles in both the U.S. Department of Agriculture and the House Committee on Agriculture. Mr. Pitts earned a B.A. in Chemistry from the University of North Carolina.



**Table of Contents****Executive Compensation Tables****Summary Compensation Table**

The following table presents information regarding compensation earned by or awards to our named executive officers during fiscal years 2014, 2013 and 2012.

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	NON-EQUITY ALL			TOTAL (\$)
				OPTION AWARDS (\$) <sup>(1)</sup>	INCENTIVE COMPENSATION (\$)	PLACEMENT COMPENSATION (\$) <sup>(2)</sup>	
<b>Pamela G. Marrone, Ph.D.</b>							
<i>President and Chief Executive Officer</i>							
	2014	300,000				11,973	311,973
	2013	250,000	25,835 <sup>(3)</sup>	1,014,461	60,023	11,206	1,361,525
	2012	250,000		452,144	75,375	11,804	789,323
<b>James B. Boyd</b>							
<i>Chief Financial Officer</i>							
	2014	202,769	10,000 <sup>(4)</sup>	1,704,699		1,855	1,919,323
<b>Linda V. Moore</b>							
<i>Vice President, General Counsel, Secretary and Chief Compliance Officer</i>							
	2014	178,125		935,460	19,372	15,781	1,148,738

(1) This column reflects the aggregate grant date fair value of option awards granted to our named executive officers estimated pursuant to FASB ASC 718, Compensation – Share based compensation (ASC 718). Valuation assumptions are described in Note 13 of the Notes to Consolidated Financial Statements included in Part II-Item 8- Financial Statements and Supplementary Data in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

(2) This column includes our 401(k) retirement savings plan matching, payment of life insurance premiums, long-term disability and other insurance-related reimbursements. In addition, Ms. Moore's other compensation includes certain reimbursements for relocation expenses.

(3) Represents a discretionary bonus.

(4) Represents a signing bonus.

**Non-Equity Incentive Awards**

We structure our annual non-equity incentive awards to reward named executive officers for the successful performance of our company as a whole and of each participating named executive officer as an individual. For the 2014 fiscal year, our compensation committee established a bonus plan available to all of our executive officers and

other key employees. The bonus plan provides for a target cash award of up to 30% of the named executive officer's salary, with 75% of the target award based upon the achievement of company-wide goals, and 25% of the target award based upon the achievement of individual goals. The progress of the goals is tracked by the compensation committee on a quarterly basis. Each company-wide goal and individual goal received a weighting, such that a named executive officer would receive a portion of the target non-equity incentive award for each goal achieved. The company-wide goals were based on our forecasts and plans for fiscal year 2014 and took into account factors, including net revenues objectives, based on anticipated timing and volume of new customer activity, and product development events such as completion of development work and EPA submissions for new products, processing international registrations and introduction of products into new markets. Based upon these factors, the compensation committee determined that 20% of the company-wide goals were achieved in 2014. Therefore, the participants in the bonus plan were entitled to 15% of their target bonuses based upon the company-wide goals component.

In addition to the company-wide goals, 25% of each named executive officer's 2014 bonus target was comprised of achievement of individual goals.

**Table of Contents**

For 2014, each named executive officer was generally evaluated with respect to individual goals on the basis of the overall performance of our company, including the success of public offerings and private placements and the extent to which we were successful in achieving net revenues goals, developing strategic collaborations, product development, commercialization targets, geographical expansion, organizational development and growth. Based upon the compensation committee's consideration of the matters related to our recent audit committee investigation and financial restatement, as described in the Explanatory Note to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, its discussions with Dr. Marrone, our Chief Executive Officer, and Mr. Boyd, our Chief Financial Officer, and its subsequent recommendation to the board related to the foregoing, the board determined not to make an award to Dr. Marrone or Mr. Boyd under the bonus plan for 2014. Although the board adopted a policy for 2014 of capping the bonus pool for employees generally at 80%, based on Ms. Moore's achievement level of 100% of her bonus targets for her individual goals, the board exercised its discretion to increase Ms. Moore's cap to 85% (representing 21% of her aggregate bonus target) for an aggregate non-equity incentive award equal to 36% of her bonus target (with 41% of this award based on the achievement of 20% of the company-wide goals).

The non-equity incentive award can either be paid out or deferred to a future payout time at the discretion of the board of directors. Payments are not guaranteed and are subject to approval by the board of directors. In addition, the determination of goal achievement (full or partial) is made by the compensation committee and approved by the board of directors.

**Outstanding Equity Awards at the End of Fiscal Year 2014**

The following table provides information regarding unexercised stock options held by each of the named executive officers as of the end of fiscal year 2014.

NAME	GRANT DATE	SECURITIES UNDERLYING UNEXERCISED OPTIONS	SECURITIES UNDERLYING UNEXERCISED OPTIONS	OPTION EXERCISE PRICE	OPTION EXPIRATION DATE
		EXERCISABLE (#)(1)	UNEXERCISABLE (#)	(\$)	
Pamela G. Marrone, Ph.D.	5/1/2007	53,378 <sup>(2)</sup>		0.47	5/1/2017
	10/22/2008	47,794 <sup>(3)</sup>		1.19	10/22/2018
	1/28/2009	9,559 <sup>(4)</sup>		1.19	1/28/2019
	1/11/2010	4,779 <sup>(5)</sup>		1.19	1/11/2020
	1/24/2011	19,092 <sup>(6)</sup>		1.19	1/24/2021
	1/24/2011	31,206 <sup>(7)</sup>	657	1.19	1/24/2021
	12/15/2011	1,593 <sup>(8)</sup>	12,214	1.41	12/15/2021
	2/20/2012	13,390 <sup>(9)</sup>		3.11	2/20/2022
	10/29/2012	34,524 <sup>(10)</sup>	29,201	12.08	10/29/2022
	8/1/2013	637 <sup>(11)</sup>	1,274	12.00	8/1/2023
	9/27/2013	26,251 <sup>(12)</sup>	57,749	18.01	9/27/2023
	11/6/2013	140 <sup>(13)</sup>	342	16.77	11/6/2023
	James B. Boyd	2/26/2014		190,000 <sup>(14)</sup>	14.03
Linda V. Moore	3/17/2014		100,000 <sup>(15)</sup>	14.61	3/17/2024

- (1) Options granted under the Marrone Bio Innovations, Inc. Stock Option Plan, which we refer to as the 2006 Plan, are immediately exercisable in full, regardless of vesting. Any unvested shares issued upon the exercise of these options are subject to a right of repurchase.
- (2) The option vested with respect to one-quarter of the total shares subject to the option on the first anniversary of the vesting commencement date of May 1, 2007, and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all the shares were fully vested upon the fourth anniversary of the option's vesting commencement date.
- (3) The option vested with respect to one-quarter of the total shares subject to the option on the first anniversary of the vesting commencement date of November 1, 2008, and with respect to 1/48th of the total shares

**Table of Contents**

- subject to the option monthly thereafter for 36 months, such that all the shares were fully vested upon the fourth anniversary of the option's vesting commencement date.
- (4) The option vested with respect to one-quarter of the total shares subject to the option on the first anniversary of the vesting commencement date of January 1, 2009, and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all the shares were fully vested upon the fourth anniversary of the option's vesting commencement date.
  - (5) The option vested with respect to 100% of the total shares subject to the option on the vesting commencement date of January 1, 2010.
  - (6) The options vested with respect to 100% of the total shares subject to the option on the vesting commencement date of January 1, 2011.
  - (7) Includes 8,625 shares underlying exercisable options that are unvested. The options vest with respect to one-quarter of the total shares subject to the option on the first anniversary of the vesting commencement date of January 1, 2011, and with respect to 1/48th of the total shares subject to the options monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the options' vesting commencement date.
  - (8) The options vest with respect to 1/60th of the total shares subject to the options one month after the vesting commencement date of November 1, 2011, and with respect to 1/60th of the total shares subject to the options monthly thereafter for 59 months, such that all the shares will be fully vested upon the fifth anniversary of the options' vesting commencement date.
  - (9) The options vested with respect to 100% of the total shares subject to the options on the vesting commencement date of February 20, 2012.
  - (10) The options vest with respect to one-quarter of the total shares subject to the options on October 18, 2013, and with respect to 1/48th of the total shares subject to the options monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the options' vesting commencement date.
  - (11) The options vest with respect to one-quarter of the total shares subject to the options on August 1, 2014, and with respect to 1/48th of the total shares subject to the options monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the options' vesting commencement date.
  - (12) The options vest with respect to one-quarter of the total shares subject to the options on September 27, 2014, and with respect to 1/48th of the total shares subject to the options monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the options' vesting commencement date.
  - (13) The option vests with respect to one-quarter of the total shares subject to the option on October 1, 2014, and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the option's vesting commencement date.
  - (14) The option vests with respect to one-quarter of the total shares subject to the option on February 26, 2015, and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the option's vesting commencement date.
  - (15) The option vests with respect to one-quarter of the total shares subject to the option on March 17, 2015, and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all the shares will be fully vested upon the fourth anniversary of the option's vesting commencement date.



**Table of Contents****Option Exercises and Stock Vested**

The following table summarizes for each named executive officer the stock option exercises and stock award shares vested during fiscal 2014:

Name	OPTION AWARDS		STOCK AWARDS	
	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE (\$)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING (\$)

Pamela G. Marrone, Ph.D.	20,056	133,486		
--------------------------	--------	---------	--	--

James B. Boyd				
---------------	--	--	--	--

Linda V. Moore				
----------------	--	--	--	--

**Employment Agreements**

We have entered into employment offer letters with each of our named executive officers described below, and employee proprietary information and inventions assignment agreements, under which each of our named executive officers has agreed not to disclose our confidential information or induce us to use proprietary information or trade secrets of others at any time.

***Pamela G. Marrone, Ph.D.***

Effective as of June 29, 2006, we entered into an offer letter with Pamela G. Marrone, Ph.D., our President and Chief Executive Officer. Under the offer letter, Dr. Marrone is entitled to an annual base salary, which was \$250,000 for 2013, and was increased to \$300,000 commencing in 2014 in connection with our initial public offering. Dr. Marrone is eligible for our benefit programs on the same terms as our other executives. In addition, in accordance with the terms of the offer letter, our board of directors granted Dr. Marrone a restricted stock award of 97,424 shares, which completely vested on June 29, 2010, and an option to purchase 53,378 shares of our common stock on May 1, 2007, which completely vested on May 1, 2011.

The letter agreement provides that either party may terminate the employment arrangement for any reason or no reason, but four weeks' notice is requested if the agreement is terminated by Dr. Marrone. In addition, the agreement provides that if we actively or constructively terminate Dr. Marrone's employment without cause (whether or not in connection with a change of control), Dr. Marrone will be eligible to receive:

an amount equal to twelve months of her then-current annual base salary payable in the form of salary continuation; and

medical and dental coverage, plus disability and life insurance premiums, for a period of twelve months following her termination.

***James B. Boyd***

Effective as of February 26, 2014, we entered into an offer letter with James B. Boyd, our Vice President and Chief Financial Officer. Under the offer letter, Mr. Boyd is entitled to an annual base salary of \$240,000, and is eligible for our benefit programs, vacation benefits, medical benefits and 401(k) plan participation. In addition, in satisfaction of obligations to Mr. Boyd in the offer letter with respect to option awards, our board of directors granted Mr. Boyd an option to purchase 190,000 shares of our common stock on February 13, 2014, which vests, subject to continued employment on each vesting date, with respect to one-quarter of the total shares subject to the option on the first anniversary of the option's vesting commencement date of February 26, 2014 and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all shares subject to the option will be fully vested on the fourth anniversary of such option's vesting commencement date.

**Table of Contents**

The offer letter also provided for a \$10,000 signing bonus upon Mr. Boyd's acceptance, relocation expenses of \$20,000 and three months temporary housing. The letter agreement provides that either party may terminate the employment arrangement for any reason or no reason, but four weeks' notice is requested if Mr. Boyd terminates his employment. In addition, the agreement provides that if we actively or constructively terminate Mr. Boyd's employment without cause (whether or not in connection with a change of control), Mr. Boyd will be eligible to receive:

an amount equal to six months of his then-current annual base salary payable in the form of salary continuation; and

medical and dental coverage, plus disability and life insurance premiums, for a period of six months following his termination.

Effective March 3, 2015, Mr. Boyd's terms of employment were revised pursuant to a letter agreement to increase his base salary to \$250,000 and to provide that if a change in control occurs that is not pursuant to an agreement signed within nine months of March 3, 2015, and termination other than for cause occurs within twelve months of such change in control, then in addition to the severance amount set forth in his offer letter, he will be entitled to receive a lump-sum payment equal to six months' base salary. If we enter into an agreement with respect to a change in control transaction within nine months of the date of the letter agreement, then upon the closing of such transaction, a lump sum payment equal to 18 months' base salary would be made.

***Linda V. Moore***

Effective as of March 17, 2014, we entered into an offer letter with Linda V. Moore, our General Counsel. Under the offer letter, Ms. Moore is entitled to an annual base salary of \$225,000, and is eligible for our benefit programs, vacation benefits, medical benefits and 401(k) plan participation. In addition, in satisfaction of obligations to Ms. Moore in the offer letter with respect to option awards, our board of directors granted Ms. Moore an option to purchase 100,000 shares of our common stock on March 17, 2014, which vests, subject to continued employment on each vesting date, with respect to one-quarter of the total shares subject to the option on the first anniversary of the option's vesting commencement date of March 17, 2014 and with respect to 1/48th of the total shares subject to the option monthly thereafter for 36 months, such that all shares subject to the option will be fully vested on the fourth anniversary of such option's vesting commencement date.

The offer letter also provided for relocation expenses of \$10,000 and one month temporary housing. The letter agreement provides that either party may terminate the employment arrangement for any reason or no reason, but four weeks' notice is requested if Ms. Moore terminates her employment. In addition, the agreement provides that if we actively or constructively terminate Ms. Moore's employment without cause (whether or not in connection with a change of control), Ms. Moore will be eligible to receive:

an amount equal to six months of his then-current annual base salary payable in the form of salary continuation; and

medical and dental coverage, plus disability and life insurance premiums, for a period of six months following his termination.

Effective February 9, 2015, Ms. Moore's terms of employment were revised pursuant to a letter agreement to increase her base salary to \$240,000 and to provide that if a change in control occurs that is not pursuant to an agreement signed within nine months of March 3, 2015, and termination other than for cause occurs within twelve months of such change in control, then in addition to the severance amount set forth in her offer letter, she will be entitled to receive a lump-sum payment equal to six months' base salary. If we enter into an agreement with respect to a change in control transaction within nine months of the date of the letter agreement, then upon the closing of such transaction, a lump sum payment equal to 12 months' base salary would be made.

## **Table of Contents**

### **Compensation Risk Management**

We have considered the risks associated with our compensation policies and practices for all employees, and we believe we have designed our compensation policies and practices in a manner that does not create incentives that could lead to excessive risk taking that would have a material adverse effect on our Company.

### **Employee Benefit and Stock Plans**

In connection with our announcement that certain of our previously filed financial statements should no longer be relied upon and our subsequent failure to timely file our quarterly report for the period ended September 30, 2014, we ceased using our registration statement on Form S-8 to issue shares of our common stock and to make equity grants to employees. Accordingly, on November 14, 2014, we suspended option exercises under our equity incentive plans for all employees, including executive officers, provided that any options that would have terminated unexercised as a result of such suspension will be exercisable for thirty days following the date that the registration statement becomes available for use. In addition, we have not made any equity awards to employees, including executive officers, since November 14, 2014. On November 10, 2015, we regained compliance with our SEC reporting requirements, and our registration statement on Form S-8 may now be used for equity grants and option exercises.

#### ***Marrone Bio Innovations, Inc. Stock Option Plan***

We established the Marrone Bio Innovations, Inc. Stock Option Plan, which we refer to as the 2006 Plan, effective as of July 26, 2006. We ceased granting options under our 2006 Plan after, and the 2006 Plan terminated upon, the adoption of our 2011 Plan on July 19, 2011. Our 2006 Plan provided for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code), to our employees and any parent and subsidiary corporations' employees, and for the grant of non-qualified stock options to our employees, outside directors and consultants and our parent and subsidiary corporations' employees and consultants.

*Administration:* Our board of directors administered our 2006 Plan. The administrator's powers include the power to: determine the fair market value of our common stock; select the individuals to whom options may be granted; determine the number of shares of stock covered by each option; approve forms of award agreement; determine the terms and conditions of options granted to employees and consultants (e.g., the exercise price, the times when options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any option or the underlying shares of stock); reduce the exercise price of any option granted to employees and consultants to the then current fair market value of our common stock if such fair market value has declined since the date of grant; prescribe, amend and rescind rules and regulations relating to our 2006 Plan; modify or amend each option; institute an option exchange program; and make all other determinations deemed necessary or advisable for administering our 2006 Plan.

*Transferability of Options:* Our 2006 Plan allows for the transfer of options only (i) by will; and (ii) by the laws of descent and distribution. Only the recipient of an option may exercise such option during his or her lifetime.

*Certain Adjustments:* In the event of certain changes in our capitalization our board of directors will make adjustments to one or more of (i) the number of shares that are covered by outstanding options; (ii) the exercise price of outstanding options, and (iii) the numerical share limits contained in our 2006 Plan. In the event of our complete liquidation or dissolution, recipients must be notified at least ten (10) days prior to the proposed transaction and may exercise all vested and unvested options until ten (10) days prior to such transaction; all outstanding options will terminate immediately prior to the consummation of such transaction.



## **Table of Contents**

*Corporate Transactions:* Our 2006 Plan provides that in the event of a corporate transaction, as defined in our 2006 Plan, each outstanding option will become immediately vested. In the event of a corporate transaction involving a merger or sale of assets, options will be exercisable for a period of fifteen (15) days from the date that notice of the transaction is provided; the option will then terminate upon the expiration of that period.

### ***2011 Stock Plan***

We established our 2011 Stock Plan, which we refer to as the 2011 Plan, effective as of July 19, 2011. Our 2011 Plan provided for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of non-qualified stock options and stock purchase rights to our employees, directors and consultants and any parent and subsidiary corporations' employees, directors and consultants. We ceased granting options under our 2011 Plan after, and the 2011 Plan terminated upon, the adoption of our 2013 Plan on August 1, 2013.

*Administration:* Our board of directors administered our 2011 Plan. The administrator's powers include the power to: determine the persons to whom, and the times at which, awards shall be granted and the number of shares of our common stock subject to each award; determine the fair market value of our common stock; determine the terms, conditions and restrictions applicable to each award (e.g. the exercise price, the method of payment, the method for satisfaction of any tax withholding obligation, the timing, terms and conditions of the exercisability and vesting of the award, the time of the expiration of the award, and the effect of the recipient's termination of service); approve forms of award agreement; amend, modify, extend, cancel or renew any award or waive any restrictions or conditions applicable to any award; accelerate, continue, extend or defer the exercisability of any award; prescribe, amend or rescind rules guidelines and policies relating to the 2011 Plan; and make all other determinations and take such other actions with respect to the 2011 Plan or any award as it deems advisable and that is consistent with applicable law, regulations and rules.

*Stock Options:* Our 2011 Plan allowed for the grant of incentive stock options that qualify under Section 422 of the Code only to our employees and employees of any parent or subsidiary of ours. Non-qualified stock options could be granted to our employees, directors, and consultants and those of any parent or subsidiary of ours. The exercise price of all options granted under our 2011 Plan was required to be at least equal to the fair market value of our common stock on the date of grant. The term of an option may not exceed ten (10) years, except that with respect to any employee who owns more than ten percent (10%) of the voting power of all classes of our outstanding stock or the outstanding stock of any parent or subsidiary corporation as of the grant date (i) the term of an incentive stock option must not exceed five (5) years; and (ii) the exercise price of an incentive stock option must equal at least one hundred ten percent (110%) of the fair market value of our common stock on the grant date.

After the continuous service of an employee, director or consultant terminates, he or she may exercise his or her option, to the extent vested, for the period of time specified in the award agreement. If his or her continuous service terminates for cause, however, the option shall immediately terminate. An option may not be exercised later than the expiration of its term.

*Stock Purchase Rights:* Our 2011 Plan allowed for the grant of stock purchase rights. Stock purchase rights are rights to purchase our common stock for at least one hundred percent (100%) of the fair market value of our common stock and which are exercisable for thirty (30) days from the date of grant. The purchase price of a stock purchase right may be paid in cash or in the form of services rendered. The board of directors may subject a stock purchase right to vesting conditions.

*Transferability of Awards:* Our 2011 Plan allowed for the transfer of awards only (i) by will; (ii) by the laws of descent and distribution and (iii) for non-qualified stock options, to the extent authorized by the board of directors. Only the recipient of an award may exercise such award during his or her lifetime except that non-qualified stock options may be transferred to certain trusts and certain family members.



## **Table of Contents**

*Certain Adjustments:* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2011 Plan, the board of directors will make adjustments to one or more of (i) the number and class of shares subject to the 2011 Plan and that are covered by outstanding awards; (ii) the exercise price of outstanding awards and (iii) the incentive stock option share limit contained in the 2011 Plan.

*Changes in Control:* Our 2011 Plan provides that in the event of a change in control, as defined in the 2011 Plan, the board of directors, in its discretion may provide that (i) the vesting and exercisability of any outstanding awards shall accelerate; or (ii) that each outstanding award (including, at the board of directors' discretion, unvested awards) shall be cashed out; payment due with respect to unvested awards would then be payable in accordance with the existing vesting schedule. Further, the successor corporation may assume or substitute an equivalent award for each outstanding award; if the successor corporation does not do so, awards held by recipients who have not terminated employment with us will vest in full as of the change in control.

### ***2013 Stock Incentive Plan***

In August 2013, our board of directors adopted the 2013 Stock Incentive Plan (2013 Plan). The 2013 Plan serves as the successor to our 2011 Plan. Our 2013 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and dividend equivalent rights to our employees, directors and consultants and our parent and subsidiary corporations' employees, directors and consultants.

*Shares:* We initially authorized a total of 1,600,000 shares of our common stock for issuance pursuant to the 2013 Plan, plus the number of shares of common stock reserved for issuance pursuant to future grants under the 2011 Plan upon the adoption of the 2013 Plan. In addition, the number of shares authorized for issuance pursuant to the 2013 Plan will be increased by any additional shares that would otherwise return to the 2011 Plan after the date of adoption of the 2013 Plan as a result of the forfeiture, termination or expiration of awards previously granted under the 2011 Plan. Further, our 2013 Plan provides for annual increases in the number of shares available for issuance thereunder equal to the least of (i) 3.5% of the number of shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year or (ii) a lesser number of shares determined by the administrator. Based on and subject to the foregoing, as of January 1, 2015, including such annual increase, 3,770,733 shares of our common stock, plus any additional shares which are subject to options granted under our 2006 Plan or 2011 Plan but are forfeited or otherwise terminate or expire subsequent to January 1, 2015, were authorized for issuance pursuant to the 2013 Plan. In addition, as of January 1, 2015, under the 2013 Plan, 1,835,098 shares of common stock were issuable upon the exercise of outstanding options granted and 1,935,635 additional shares of common stock were reserved for issuance pursuant to future grants.

*Administration:* Our board of directors or a committee of our board of directors administers our 2013 Plan. In the case of awards intended to qualify as performance based compensation within the meaning of Section 162(m) of the Code, the committee consists of two (2) or more outside directors within the meaning of Section 162(m) of the Code. The administrator has the power to determine and interpret the terms and conditions of the awards, including the employees, directors and consultants who will receive awards, the exercise price, the number of shares subject to each such award, the vesting schedule and exercisability of the awards, the restrictions on transferability of awards and the form of consideration payable upon exercise. The administrator also has the authority to institute an exchange program whereby the exercise prices of outstanding awards may be reduced or outstanding awards may be surrendered or cancelled in exchange for other awards of the same type (which may have higher or lower exercise prices) or awards of a different type.

*Stock Options:* Our 2013 Plan allows for the grant of incentive stock options that qualify under Section 422 of the Code only to our employees and employees of any parent or subsidiary of ours. Non-qualified stock options may be granted to our employees, directors and consultants and those of any parent or subsidiary of ours.

## **Table of Contents**

The exercise price of all options granted under our 2013 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed ten (10) years, except that with respect to any employee who owns more than ten percent (10%) of the voting power of all classes of our outstanding stock or any parent or subsidiary corporation as of the grant date, the term must not exceed five (5) years and the exercise price must equal at least one hundred ten percent (110%) of the fair market value on the grant date.

After the continuous service of an employee, director or consultant terminates, he or she may exercise his or her option, to the extent vested, for the period of time specified in the option agreement. However, an option may not be exercised later than the expiration of its term.

*Stock Appreciation Rights:* Our 2013 Plan allows for the grant of stock appreciation rights. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the date of grant and the exercise date. The administrator will determine the terms of stock appreciation rights, including when such rights become exercisable and whether to pay the increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the base appreciation amount for the cash or shares to be issued pursuant to the exercise of a stock appreciation right will be no less than one hundred percent (100%) of the fair market value per share on the date of grant. After the continuous service of an employee, director or consultant terminates, he or she may exercise his or her stock appreciation right, to the extent vested, only to the extent provided in the stock appreciation right agreement.

*Restricted Stock Awards:* Our 2013 Plan allows for the grant of restricted stock. Restricted stock awards are shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director or consultant. The administrator may impose whatever conditions on vesting it determines to be appropriate. For example, the administrator may set restrictions based on the achievement of specific performance goals. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

*Restricted Stock Units:* Our 2013 Plan allows for the grant of restricted stock units. Restricted stock units are awards that will result in payment to a recipient at the end of a specified period only if the vesting criteria established by the administrator are achieved or the award otherwise vests. The administrator may impose whatever conditions to vesting, restrictions and conditions to payment it determines to be appropriate. The administrator may set restrictions based on the achievement of specific performance goals or on the continuation of service or employment. Payments of earned restricted stock units may be made, in the administrator's discretion, in cash, with shares of our common stock or other securities, or a combination thereof.

*Dividend Equivalent Rights:* Our 2013 Plan allows for the grant of dividend equivalent rights. Dividend equivalent rights are awards that entitle the recipients to compensation measured by the dividends we pay with respect to our common stock.

*Transferability of Awards:* Our 2013 Plan allows for the transfer of awards under the 2013 Plan only (i) by will; (ii) by the laws of descent and distribution and (iii) for awards other than incentive stock options, to the extent authorized by the administrator. Only the recipient of an incentive stock option may exercise such award during his or her lifetime.

*Certain Adjustments:* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the 2013 Plan, the administrator will make adjustments to one or more of the number or class of shares that are covered by outstanding awards, the exercise or purchase price of outstanding awards, the numerical share limits contained in the 2013 Plan and any other terms that the administrator determines require adjustment. In the event of our complete liquidation or dissolution, all outstanding awards will terminate

immediately upon the consummation of such transaction.

**Table of Contents**

*Corporate Transactions and Changes in Control:* Our 2013 Plan provides that in the event of a corporate transaction, as defined in the 2013 Plan, each outstanding award will terminate upon the consummation of the corporate transaction to the extent that such awards are not assumed by the acquiring or succeeding corporation. Prior to or upon the consummation of a corporate transaction or a change in control, as defined in the 2013 Plan, an outstanding award may vest, in whole or in part, to the extent provided in the award agreement or as determined by the administrator in its discretion. The administrator may condition the vesting of an award upon the subsequent termination of the recipient's service or employment within a specified period of time following the consummation of a corporate transaction or change in control. The administrator will not be required to treat all awards similarly in the event of a corporate transaction or change in control.

*Plan Amendments and Termination:* Our 2013 Plan will automatically terminate ten (10) years following the date it becomes effective, unless we terminate it sooner. In addition, our board of directors has the authority to amend, suspend or terminate the 2013 Plan provided such action does not impair the rights under any outstanding award unless mutually agreed to in writing by the recipient and us.

**Equity Compensation Plan Information**

Information, as of December 31, 2014, regarding equity compensation plans approved and not approved by stockholders is summarized in the following table:

PLAN CATEGORY	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)) <sup>(1)</sup>
Equity compensation plans approved by security holders	2,830,653	\$ 9.39	1,086,444
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>2,830,653</b>	<b>\$ 9.39</b>	<b>1,086,444</b>

<sup>(1)</sup> Consists of shares available for issuance under our 2013 Stock Incentive Plan.  
*401(k) Plan*

We maintain a 401(k) retirement savings plan. Each participant who is a U.S. employee may contribute to the 401(k) plan, through payroll deductions, up to a statutorily prescribed annual limit imposed by the Internal Revenue Service (which limit was \$18,000 in 2014). All amounts contributed by employee participants and earnings on these contributions are fully vested at all times and are not taxable to participants until withdrawn. Employee participants may elect to invest their contributions in various established funds. We may make contributions to the accounts of plan participants.

#### **Limitations of Liability and Indemnification Matters**

We have adopted provisions in our current certificate of incorporation that limit or eliminate the liability of our directors for monetary damages for breach of their fiduciary duties, except for liability that cannot be eliminated under the Delaware General Corporation Law. Accordingly, our directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except with respect to the following:

any breach of their duty of loyalty to us or our stockholders;

**Table of Contents**

acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission. If Delaware law is amended to authorize the further elimination or limiting of director liability, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law as so amended.

Our certificate of incorporation and our bylaws also provide that we shall indemnify our directors and executive officers and shall indemnify our other officers and employees and other agents to the fullest extent permitted by law. We believe that indemnification under our bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our bylaws, as currently in effect, also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether our bylaws would permit indemnification.

We have entered and intend to continue to enter into separate indemnification agreements with certain of our directors and executive officers that are, in some cases, broader than the specific indemnification provisions provided by Delaware law and our charter documents, and may provide additional procedural protection. These agreements will require us, among other things, to:

indemnify officers and directors against certain liabilities that may arise because of their status as officers and directors;

advance expenses, as incurred, to officers and directors in connection with a legal proceeding subject to limited exceptions; and

cover officers and directors under any general or directors and officers liability insurance policy maintained by us.

We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our Company pursuant to the foregoing provisions, the opinion of the Securities and Exchange Commission is that such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

In addition, we maintain standard policies of insurance under which coverage is provided to our directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act, and to us with respect to payments which may be made by us to such directors and officers pursuant to the above indemnification provisions or otherwise as a matter of law. We also make available standard life insurance and accidental death and disability insurance policies to our employees.





Table of Contents

**PROPOSAL TWO**

**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

The audit committee of our board of directors has selected Ernst & Young LLP, or Ernst & Young, as our independent registered public accounting firm for the fiscal year ending December 31, 2015, and has further directed that management submit the selection of an independent registered public accounting firm for ratification by the stockholders at the annual meeting. Ernst & Young has been our independent registered public accounting firm beginning with the audit of our 2006 fiscal year financial statements. Representatives of Ernst & Young are expected to be present at the annual meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young as our independent registered public accounting firm. However, the audit committee is submitting the selection of Ernst & Young 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 that firm. 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 they determine that such a change would be in the best interests of the Company and our stockholders.

**Independent Registered Public Accounting Firm Fee Information**

In connection with the audit of our 2015 financial statements, we expect to enter into an engagement agreement with Ernst & Young that will set forth the terms by which Ernst & Young would perform audit services for us, including responsibilities of Ernst & Young and management in the conduct of the audit and estimated fees. Our engagement agreements with Ernst & Young are typically subject to alternative dispute resolution procedures.

The following table summarizes the fees of Ernst & Young for each of the last two fiscal years.

<b>FEE CATEGORY</b>	<b>FISCAL 2014</b>	<b>FISCAL 2013</b>
Audit fees <sup>(1)</sup>	\$ 3,723,000	\$ 1,133,000
Audit-related fees <sup>(2)</sup>	12,000	50,000
Tax fees <sup>(3)</sup>		32,000
All other fees		
<b>Total fees</b>	<b>\$ 3,735,000</b>	<b>\$ 1,215,000</b>

- (1) Audit fees consist of professional services rendered in connection with the audit of our consolidated financial statements and review of our quarterly consolidated financial statements. Audit fees for fiscal 2014 also include fees associated with the Audit Committee's independent investigation and related Restatement and our public offering of common stock completed in June 2014, as well as the delivery of comfort letters, consents and reviews of documents filed with the SEC. Audit fees for fiscal 2013 also include fees associated with our initial

public offering of common stock completed in August 2013, which included a review of our quarterly consolidated financial statements included in our registration statement on Form S-1 filed with the SEC, as well as the delivery of comfort letters, consents and reviews of documents filed with the SEC.

- (2) Audit-related fees consist of professional services for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under Audit Fees. These services include accounting consultations concerning financial accounting and reporting standards.
- (3) Tax fees consist of fees for professional services rendered for tax compliance, tax planning and tax advice.

## **Table of Contents**

The Audit Committee pre-approves all audit and non-audit services to be, and has approved all of the foregoing audit and non-audit services, performed by the independent registered public accounting firm in accordance with the Audit Committee Charter.

### **Pre-Approval Procedures of Audit and Non-Audit Services by the Independent Registered Public Accounting Firm**

The audit committee's charter requires it to pre-approve all audit and non-audit services performed by the independent registered public accounting firm. In determining whether to approve audit and non-audit services to be performed by Ernst & Young, the audit committee takes into consideration the fees to be paid for such services and whether such fees would affect the independence of the independent registered public accounting firm in performing its audit function. In addition, when determining whether to approve non-audit services to be performed by Ernst & Young, the audit committee considers whether the performance of such services is compatible with maintaining the independence of the independent registered public accounting firm in performing its audit function, and confirms that the non-audit services will not include the prohibited activities set forth in Section 201 of the Sarbanes-Oxley Act of 2002. The audit committee has determined that the rendering of the services other than audit services by Ernst & Young in fiscal year 2013 was compatible with maintaining the registered public accounting firm's independence.

### **Required Vote**

Ratification of the appointment of Ernst & Young as our independent registered public accounting firm for the fiscal year ending December 31, 2015 requires a **FOR** vote from a majority of the voting power present and entitled to vote either in person or by proxy on the proposal in order to pass. If you **Abstain** from voting, your vote will not be counted as a vote cast. If you return a signed and dated proxy card or otherwise complete a ballot or voting instructions without marking your selections, your shares will be voted **FOR** ratification of the appointment of Ernst & Young.

### **Recommendation**

**The board of directors recommends a vote FOR Proposal Two.**

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

*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 Marrone Bio Innovations, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.*

The audit committee has reviewed our audited consolidated financial statements for the fiscal year ended December 31, 2014 and discussed these financial statements with our management and with Ernst & Young, our independent registered public accounting firm.

Our management is responsible for the preparation of our financial statements and for maintaining an adequate system of disclosure controls and procedures and internal control for that purpose. Our independent registered public accounting firm is responsible for conducting an independent audit of our annual financial statements in accordance with generally accepted accounting principles and issuing a report on the results of their audit. The audit committee is responsible for providing independent, objective oversight of these processes.

The audit committee has also discussed with Ernst & Young the matters required to be discussed by the Statement on Auditing Standards No. 16, as amended (*Communications with Audit Committees*), as adopted by the Public Company Accounting Oversight Board.

The audit committee has received and reviewed the written disclosures and the letter from Ernst & Young required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with Ernst & Young its independence.

Based on the review and discussions referred to above, the audit committee recommended to the board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the Securities and Exchange Commission.

By the Audit Committee

Shaughn Stanley (Chair)

Timothy Fogarty

George Kerckhove

**Table of Contents**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

**Beneficial Ownership of Our Common Stock**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of November 9, 2015, for:

each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;

each of our named executive officers;

each of our directors; and

all current executive officers and directors as a group.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options held by the respective person or group that may be exercised within 60 days after November 9, 2015. For purposes of calculating each person's or group's percentage ownership, stock options and warrants exercisable within 60 days after November 9, 2015 are included for that person or group but not the stock options of any other person or group.

Applicable percentage ownership is based on 24,464,582 shares of common stock outstanding at November 9, 2015. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options and warrants exercisable within 60 days of November 9, 2015. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed. Unless otherwise noted below, the address of each person listed in the table is c/o Marrone Bio Innovations, Inc., 1540 Drew Avenue, Davis, CA 95618.

**Table of Contents**

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED	
	SHARES (#)	SHARES (%)
<b>5% Stockholders:</b>		
Entities affiliated with Waddell & Reed Financial, Inc. <sup>(1)</sup> 6300 Lamar Avenue Overland Park, KS 66202	4,921,045	19.9
PRIMECAP Management Company <sup>(2)</sup> 225 South Lake Avenue #400 Pasadena, CA 91101	3,242,100	13.3
Stuart Mill Venture Partners, L.P. <sup>(3)</sup> 252 North Washington Street Falls Church, VA 22046	1,347,317	5.5
Entities affiliated with Saffron Hill Ventures <sup>(4)</sup> 130 Wood Street London EC2V 6DL United Kingdom	1,287,983	5.3
Richard Mashall <sup>(5)</sup> c/o Senvest Management, LLC 540 Madison Avenue, 32 <sup>nd</sup> Floor New York, New York 10022	1,303,070	5.3
Entities affiliated with CGI Opportunity Fund II, L.P. <sup>(6)</sup>	1,272,465	5.2
<b>Directors and Executive Officers:</b>		
Pamela G. Marrone, Ph.D. <sup>(7)</sup>	1,079,002	4.4
Elin Miller <sup>(8)</sup>	31,637	*
Pamela Contag, Ph.D. <sup>(9)</sup>	18,791	*
Timothy Fogarty <sup>(10)</sup>	18,525	*
George Kerckhove <sup>(11)</sup>	10,699	*
Les Lyman <sup>(12)</sup>	19,055	*
Richard Rominger <sup>(13)</sup>	130,549	*
Shaugn Stanley <sup>(14)</sup>	24,019	*
James B. Boyd <sup>(15)</sup>	87,096	*
Linda V. Moore <sup>(16)</sup>	43,756	*
<b>All current directors and executive officers as a group (12 persons)<sup>(17)</sup></b>	<b>1,627,751</b>	<b>6.5</b>

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

(1) As reported in the Schedule 13G filed February 13, 2015, the securities reported on herein are beneficially owned by one or more open-end investment companies or other managed accounts which are advised or sub-advised by Ivy Investment Management Company ( IICO ), the direct holder of 2,660,992 shares and an investment advisory subsidiary of Waddell & Reed Financial, Inc. ( WDR ) or Waddell & Reed Investment Management Company ( WRIMCO ), the direct holder of 2,107,100 shares and an investment advisory subsidiary of WDR. The investment advisory contracts grant IICO and WRIMCO all investment and/or voting power over securities owned by such advisory clients. The investment sub-advisory contracts grant IICO and WRIMCO investment power over securities owned by such sub-advisory clients and, in most cases, voting power. Any investment restriction of a sub-advisory contract does not restrict investment discretion or power in a material manner. Therefore, IICO and/or WRIMCO may be deemed the beneficial owner of the securities covered by this statement under Rule 13d-3 of the Securities Exchange Act of 1934. Also includes warrants to purchase in the

aggregate 152,953 shares of common stock held by Ivy Science & Technology Fund, Waddell & Reed Advisors Science & Technology Fund and Ivy Funds VIP Science & Technology, each an open-end fund of a series trust managed by either IICO or WRIMCO, which are exercisable within 60 days.

- (2) PRIMECAP Management Company is an independent investment management company.

**Table of Contents**

- (3) Includes warrants to purchase 8,929 shares of common stock held by Stuart Mill Venture Partners, L.P. Walter Lubsen Jr., Jeffrey Salinger and Jana Hernandez are the Managing Partners and Lawrence Hough is the Managing Director of Stuart Mill Partners, LLC, the general partner of Stuart Mill Venture Partners, L.P., and therefore may be deemed to share voting control and investment power over the securities held by Stuart Mill Venture Partners, L.P.
- (4) Includes 191,782 shares of common stock held by Saffron Hill Ventures L.P., 1,096,201 shares of common stock held by Saffron Hill Ventures 2, L.P. Shawn Luetchens and Ranjeet Bhatia are Directors of Saffron Hill MGP Ltd and Saffron Hill MGP2 Ltd, the General Partners of Saffron Hill Ventures L.P. and Saffron Hill Ventures 2, L.P., respectively, and therefore may be deemed to share voting control and investment power over the securities held by Saffron Hill Ventures L.P. and Saffron Hill Ventures 2, L.P.
- (5) As reported in the Schedule 13G filed June 5, 2015, the reported securities are held in the accounts of Senvest Master Fund, L.P. and Senvest International L.L.C. (the Investment Vehicles ). Senvest Management, LLC serves as investment manager of Senvest Master Fund, L.P. Richard Mashaal is the managing member of Senvest Management, LLC and is president of, exercising investment and voting powers over, Senvest International L.L.C. Mr. Mashaal may be deemed to have voting and dispositive powers over the securities held by the Investment Vehicles. Senvest Management, LLC may be deemed to beneficially own the securities held by Senvest Master Fund, L.P. by virtue of Senvest Management, LLC's position as investment manager of Senvest Master Fund, L.P. Mr. Mashaal may be deemed to beneficially own the securities held by the Investment Vehicles by virtue of Mr. Mashaal's status as the managing member of Senvest Management, LLC and his investment and voting powers over Senvest International L.L.C.
- (6) Includes 1,270,085 shares held by CGI Opportunity Fund II, L.P. and 2,380 shares held by Ueberroth Family Trust dated June 27, 1986. Peter V. Ueberroth and Joseph Ueberroth are Partners of CGI Opportunity Gen Par II, LLC, the sole General Partner of CGI Opportunity Fund II, L.P. and therefore may be deemed to share voting control and investment power over the securities held by CGI Opportunity Fund II, L.P., and Peter V. Ueberroth is the trustee of, and holds voting control and investment power over the securities held by, Ueberroth Family Trust dated June 27, 1986. See also Note 10 to this section.
- (7) Includes 731,931 shares of common stock held by Dr. Marrone, 287,495 shares of common stock issuable to Dr. Marrone upon the exercise of outstanding options exercisable within 60 days, 6,442 shares of common stock held by Florence H. Marrone TOD Pamela G. Marrone and 53,134 shares of common stock held by Dr. Marrone and Michael Rogers. Does not include 56,285 shares of common stock issuable to Dr. Marrone upon the exercise of outstanding options not exercisable within 60 days.
- (8) Includes 833 shares of common stock and 30,804 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 1,267 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (9) Includes 18,791 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 5,333 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (10) Includes 1,190 shares of common stock held by Timothy and Patricia Fogarty 2011 Trust, Dated August 1, 2011 and 17,335 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Timothy Fogarty is a Partner of the Contrarian Group, an affiliate of CGI Opportunity Fund II, L.P. but does not hold voting control or investment power over the securities held by CGI Opportunity Fund II, L.P. See also Note 6 to this section.
- (11) Includes 500 shares of common stock and 10,199 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 10,667 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (12) Includes 1,000 shares of common stock held by Leslie F. Lyman as custodian for Jackson WH Lyman UCAUTMA and 18,055 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 5,333 shares of common stock issuable upon the exercise of outstanding options



not exercisable within 60 days.

- (13) Includes 99,522 shares of common stock held by The Richard and Mary Rominger Community Trust and 31,027 shares of common stock usable to Mr. Rominger upon the exercise of outstanding options

**Table of Contents**

- exercisable within 60 days. Does not include 2,330 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (14) Includes 24,019 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 2,327 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (15) Includes 87,096 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 102,904 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (16) Includes 3,756 shares of common stock issuable upon the exercise of outstanding options exercisable within 60 days. Does not include 56,244 shares of common stock issuable upon the exercise of outstanding options not exercisable within 60 days.
- (17) Includes 894,552 shares of common stock, 733,199 shares of common stock issuable upon the exercise of outstanding options held by current directors and executive officers exercisable within 60 days of common stock. Does not include 363,864 shares of common stock issuable upon the exercise of outstanding options held by current directors and executive officers not exercisable within 60 days. See also Notes 3, 4, and 6 to this section.

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

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of MBI. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended December 31, 2014 all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were filed in a timely manner.

**Table of Contents**

**TRANSACTIONS WITH RELATED PERSONS**

**Related-Person Transactions Policy and Procedures**

Our board of directors reviews related party transactions for potential conflict of interest issues. Our board of directors has adopted a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers 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 person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness or employment by us or a related person.

**Certain Related-Person Transactions**

We describe below the transactions and series of similar transactions, since December 31, 2013, to which we were a participant or will be a participant, in which:

the amounts involved exceeded or will exceed \$120,000; and

any of our directors, executive officers, holders of more than 5% of our capital stock (which we refer to as 5% stockholders) or any member of their immediate family had or will have a direct or indirect material interest, other than compensation arrangements with directors and executive officers.

***Executive Compensation and Employment Arrangements***

Please see **Executive Compensation** for information on compensation arrangements with our executive officers and agreements with, and offer letters to, our executive officers containing compensation and termination provisions, among others.

***Syngenta Commercial Agreement***

In February 2011, we entered into an agreement with Syngenta Crop Protection AG, an affiliate of Syngenta Ventures Pte. LTD, which was a 5% stockholder from December 2012 to June 2014, whereby we have designated Syngenta as our exclusive distributor for Regalia in specialty crop markets in Europe, Africa and the Middle East. During the six months ended June 30, 2014 prior the reduction in ownership percentage, we recorded revenue of \$333,000 in license revenue based on the terms of our commercial agreement with Syngenta.

***The Lyman/Tremont Groups***

Les Lyman, a member of our board of directors, is the chairman and significant indirect shareholder of The Tremont Group, Inc. During the year ended December 31, 2014, we recognized revenue of \$821,000 related to the sale of our products for further distribution and resale. As of December 31, 2014, we had no outstanding accounts receivable due from The Tremont Group, Inc. Although we anticipate sales of our products to The Tremont Group, Inc. to continue through 2015, we cannot estimate the amount of those sales.

***Waddell & Reed***

In August 2015, we entered into a purchase agreement with Ivy Science & Technology Fund, Waddell & Reed Advisors Science & Technology Fund and Ivy Funds VIP Science & Technology, each an affiliate of Waddell & Reed which is a 5% stockholder. Pursuant to such purchase agreement, we sold, to such affiliates, senior secured promissory notes in the aggregate principal amount of \$40,000,000, which remains outstanding, and warrants to purchase up to 4,000,000 shares of our common stock at an exercise price of \$1.91 per share for an aggregate consideration of \$40,000,000. The notes bear interest at a rate of 8% per annum payable semi-annually on June 30 or December 31 of each year, commencing on December 31, 2015, with \$10 million payable 3 years from the closing, \$10 million payable 4 years from the closing, and \$20 million due 5 years from the closing.

**Table of Contents**

**HOUSEHOLDING OF PROXY MATERIALS**

The Securities and Exchange Commission adopted rules that permit us to send a single annual report and proxy statements to any household at which two or more stockholders reside unless we have received contrary instructions from one of the stockholders. Each stockholder will continue to receive a separate proxy card. Upon written or oral request to our Corporate Secretary, Linda V. Moore, at 1540 Drew Ave., Davis, California 95618 or by phone at (530) 750-2800, we will deliver a separate copy of the annual report or proxy statement, as applicable, to you at the shared address within 30 days of your request. Any stockholders who share the same address and currently receive multiple copies of our proxy materials who wish to receive only one copy in the future can contact the Corporate Secretary regarding such request at the address and phone number listed above.

A number of brokerage firms have already instituted householding. If your household has multiple accounts of our stock, you may have received householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of the proxy statement or annual report, or wish to revoke your decision to household, and thereby receive multiple reports.

**AVAILABLE INFORMATION**

**Form 10-K**

Our annual report on Form 10-K for the fiscal year ended December 31, 2014 is being mailed concurrently with the mailing of these proxy materials. Upon written request to our Corporate Secretary, Linda V. Moore, at the address of our principal executive offices, the exhibits set forth on the exhibit index of the Form 10-K may be made available at a reasonable charge.

**Internet Availability of Proxy Materials**

In addition to the mailing, the notice of the annual meeting, this proxy statement and the proxy card are available for your review, print and download on our website at *investors.marronebio.com*. **Our website and the information contained therein or connected thereto are not intended to be incorporated into this proxy statement.**

Table of Contents

**OTHER MATTERS**

Our board of directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

It is important that the proxies be returned promptly and that your shares are represented. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors

Pamela G. Marrone, Ph.D.

*President and Chief Executive Officer*

November 16, 2015

**Table of Contents**

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: x

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

<p><b>The Board of Directors recommends you vote FOR the following:</b></p>	<table border="0"> <tr> <td style="text-align: center; padding-right: 10px;"><b>For All</b></td> <td style="text-align: center; padding-right: 10px;"><b>Withhold All</b></td> <td style="text-align: center;"><b>For All Except</b></td> </tr> </table>	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	<p>To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.</p>
<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>			

- |   |  |                                       |
|---|--|---------------------------------------|
| <p>1. Election of Directors<br/><b>Nominees</b></p> | <p style="text-align: center;">.. ..</p> | <p style="text-align: center;">..</p> |
| <p>01 Timothy Fogarty</p>                           | <p>02 Richard Rominger</p>               |                                       |

**The Board of Directors recommends you vote FOR the following proposal:**

**For    Against    Abstain**

- |   |  |                                       |
|---|--|---------------------------------------|
| <p>2. Proposal to ratify the selection by the audit committee of our board of directors of Ernst &amp; Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015.</p> | <p style="text-align: center;">.. ..</p> | <p style="text-align: center;">..</p> |
|---|--|---------------------------------------|

**NOTE:** Such other matters as may properly come before the meeting or any adjournment.



For address ..  
change/comments, mark here.

(see reverse for instructions)

**Yes No**

Please indicate if you plan to attend this meeting .. ..

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	JOB #	Signature (Joint Owners)	Date	SHARES CUSIP #	SEQUENCE #
------------------------------------	------	-------	--------------------------	------	-------------------	------------

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**MARRONE BIO INNOVATIONS, INC.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**ANNUAL MEETING OF STOCKHOLDERS**

**December 17, 2015**

The stockholder(s) hereby appoint(s) Pamela G. Marrone, Ph.D. and James Boyd, or either of them, as proxies, each with the power to appoint his or her substitute, and hereby authorize(s) each of them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of Marrone Bio Innovations, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 1:00 p.m. Pacific Time on December 17, 2015 at the corporate headquarters of Marrone Bio Innovations, Inc. at 1540 Drew Avenue, Davis, CA 95618, and any adjournment or postponement thereof.

**THIS PROXY WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSAL 2.**

**Address change / comments:**

---

---

---

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

