



c e r e s

NEWS RELEASE

Ceres Announces Genomics Milestone in Energy Crop Enhancement Program

12,000 full-length switchgrass genes sequenced and genetic variation characterized

THOUSAND OAKS, CA – July 10, 2006 – Ceres, Inc. announced today that they have achieved a major milestone in their switchgrass (*Panicum virgatum*) genomics program for enhancing biomass yield, completing analysis of over 12,000 switchgrass genes and characterizing the genetic variation associated with them. Switchgrass is a perennial grass native to the prairies of North America. It has been identified by the U.S. Department of Energy as the primary perennial plant species for development as a dedicated cellulosic energy crop. It is estimated that switchgrass and other plant species grown in the U.S. have the potential to produce over 100 billion gallons of biofuels per year while still allowing food, animal feed and export demands for other crops, including corn, to be met. Moreover, switchgrass has the potential to produce cellulose for biofuels such as ethanol and butanol on lands incapable of supporting traditional food crops.

The large-scale Ceres switchgrass sequencing effort has utilized libraries of full-length cDNAs rather than ESTs (partial genes), in order to capture information not only on complete gene sequences and encoded proteins but also on genetic variation associated with these genes that enables targeted, marker-assisted breeding programs for switchgrass improvement. The generation of large numbers of full-length cDNA sequences, which are notably absent from most high-throughput gene sequencing programs because of technical difficulties, represents an important component of Ceres' intellectual property strategy. To date, Ceres has filed patent applications covering over 70,000 full-length plant genes from Arabidopsis, corn, soybean, wheat and cotton, amongst others.

"These switchgrass sequences are being utilized in our integrated genomics platforms and high-throughput product development pipeline," said Dr. Richard Hamilton, Chief Executive Officer of Ceres. "Using the sequences of these genes as well as the physical clones of our proprietary collection of full-length plant genes enhances our leading position in dedicated energy crop genomics and will accelerate breeding and commercialization of elite switchgrass varieties. These genes may also be useful in improvement programs of other crops such as corn."

The switchgrass sequencing project is part of an agreement with the USDA Western Regional Research Center and of the recently announced collaboration with The Samuel Roberts Noble Foundation, Inc. for the development and commercialization of new, advanced biomass crops for biofuels production.

About Ceres

Ceres, Inc. (www.ceres.net), headquartered in Thousand Oaks, CA, is a privately-held plant biotechnology company utilizing cutting-edge genomics technologies to deliver sustainable solutions in energy production, agriculture, human health and nutrition. Ceres utilizes its

proprietary genomics technologies including full-length cDNA sequencing, targeted gene activation, high-throughput screening platforms, and plant breeding with trait-linked marker-assisted breeding, to identify and deploy genes and traits required for the production of elite plant varieties and hybrids. Ceres is developing energy crops such as switchgrass, miscanthus and poplar for cellulosic ethanol as well as leveraging its technologies into established multi-billion dollar markets through strategic partnerships. Since 2002, Ceres has been deploying its traits and technologies in traditional row crops such as corn and soybean as part of a multi-year, \$137 million license-based agreement with Monsanto.

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Contact:

Ceres, Inc.
Shirley Bell
sbell@ceres-inc.com
+1 (805) 376-6517

