

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-30171

SANGAMO BIOSCIENCES, INC.

(exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

68-0359556
(IRS Employer
Identification No.)

501 Canal Blvd, Suite A100
Richmond, California 94804
(Address of principal executive offices)

(510) 970-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2008, 40,979,473 shares of the issuer's common stock, par value \$0.01 per share, were outstanding.

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Some statements contained in this report are forward-looking with respect to our operations, research and development activities, operating results and financial condition. Statements that are forward-looking in nature should be read with caution because they involve risks and uncertainties, which are included, for example, in specific and general discussions about:

- *our strategy;*
- *product development and commercialization of our products;*
- *clinical trials;*
- *revenues from existing and new collaborations;*
- *sufficiency of our cash resources;*
- *our research and development and other expenses;*
- *our operational and legal risks; and*
- *our plans, objectives, expectations and intentions and any other statements that are not historical facts.*

Various terms and expressions similar to them are intended to identify these cautionary statements. These terms include: “anticipates,” “believes,” “continues,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “seeks,” “should” and “will.” Actual results may differ materially from those expressed or implied in those statements. Factors that could cause these differences include, but are not limited to, those discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Sangamo undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or circumstances arising after the date of this report. Readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SANGAMO BIOSCIENCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2008 (unaudited)	December 31, 2007 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,743	\$ 12,275
Marketable securities	50,496	68,813
Interest receivable	219	324
Accounts receivable	8,793	209
Prepaid expenses	382	497
Total current assets	68,633	82,118
Property and equipment, net	2,104	1,770
Other assets	12	12
Total assets	<u>\$ 70,749</u>	<u>\$ 83,900</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,243	\$ 3,538
Accrued compensation and employee benefits	1,243	1,199
Deferred revenues	9,090	4,944
Total current liabilities	13,576	9,681
Deferred revenues, non-current portion	1,152	2,097
Total liabilities	14,728	11,778
Stockholders' equity:		
Common stock, \$0.01 par value; 80,000,000 shares authorized, 40,966,786 and 40,315,368 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively	410	403
Additional paid-in capital	226,894	221,176
Accumulated deficit	(171,480)	(149,752)
Accumulated other comprehensive income	197	295
Total stockholders' equity	56,021	72,122
Total liabilities and stockholders' equity	<u>\$ 70,749</u>	<u>\$ 83,900</u>

(1) Amounts derived from Audited Consolidated Financial Statements dated December 31, 2007 filed as a part of our 2007 Annual Report on Form 10-K.

See accompanying notes.

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SANGAMO BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Revenues:				
Collaboration agreements	\$ 3,196	\$ 1,915	\$ 7,658	\$ 4,526
Research grants	549	410	1,694	1,805
Total revenues	3,745	2,325	9,352	6,331
Operating expenses:				
Research and development	7,563	5,916	24,492	17,655
General and administrative	2,564	1,728	8,036	5,840
Total operating expenses	10,127	7,644	32,528	23,495
Loss from operations	(6,382)	(5,319)	(23,176)	(17,164)
Interest and other income, net	42	1,051	1,448	2,356
Net loss	<u>\$ (6,340)</u>	<u>\$ (4,268)</u>	<u>\$ (21,728)</u>	<u>\$ (14,808)</u>
Basic and diluted net loss per share	<u>\$ (0.15)</u>	<u>\$ (0.11)</u>	<u>\$ (0.53)</u>	<u>\$ (0.41)</u>
Shares used in computing basic and diluted net loss per share	<u>40,928</u>	<u>38,925</u>	<u>40,759</u>	<u>36,387</u>

See accompanying notes.

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SANGAMO BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months ended	
	September 30,	
	2008	2007
Operating Activities:		
Net loss	\$(21,728)	\$(14,808)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	381	187
Amortization of premium / (discount) on investments	(930)	(1,514)
Realized loss on available-for-sale security	10	—
Stock-based compensation	4,280	1,640
Changes in operating assets and liabilities:		
Interest receivable	105	(162)
Accounts receivable	(8,584)	467
Prepaid expenses and other assets	115	(221)
Accounts payable and accrued liabilities	(295)	104
Accrued compensation and employee benefits	44	24
Deferred revenue	3,201	3,317
Net cash used in operating activities	<u>(23,401)</u>	<u>(10,966)</u>
Investing Activities:		
Purchases of investments	(68,961)	(86,088)
Maturities of investments	84,125	61,900
Proceeds from sales of investments	3,975	—
Purchases of property and equipment	(715)	(816)
Net cash provided by (used in) investing activities	<u>18,424</u>	<u>(25,004)</u>
Financing Activities:		
Issuance of common stock in connection with license agreement	—	8,550
Proceeds from issuance of common stock	1,445	31,612
Net cash provided by financing activities	<u>1,445</u>	<u>40,162</u>
Net (decrease) increase in cash and cash equivalents	(3,532)	4,192
Cash and cash equivalents, beginning of period	<u>12,275</u>	<u>12,702</u>
Cash and cash equivalents, end of period	<u>\$ 8,743</u>	<u>\$ 16,894</u>

See accompanying notes.

SANGAMO BIOSCIENCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Unaudited)

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Sangamo Biosciences, Inc. (“Sangamo” or the “Company”) have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The condensed consolidated financial statements include the accounts of Sangamo and its wholly-owned subsidiary, Gendaq Limited, after elimination of all material intercompany balances and transactions. Operating results for the three and nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. These financial statements should be read in conjunction with the financial statements and footnotes thereto for the year ended December 31, 2007, included in Sangamo’s Form 10-K as filed with the SEC.

USE OF ESTIMATES AND CLASSIFICATIONS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, “Fair-Value Measurements” (“SFAS 157”) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair-value measurements. The Company adopted SFAS 157 effective January 1, 2008 for all financial assets and liabilities and any other assets and liabilities that are recognized or disclosed at fair value on a recurring basis (see NOTE 5 — FAIR VALUE MEASUREMENT). In accordance with FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157* (“FSP 157-2”), for nonfinancial assets and liabilities measured at fair value on a non-recurring basis, SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company is currently reviewing the application of SFAS 157 for nonfinancial assets and liabilities measured at fair value on a non-recurring basis and does not believe the adoption of SFAS 157 will have a material impact on its condensed consolidated financial statements.

On October 10, 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, (“FSP 157-3”) that clarifies the application of SFAS 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial assets is not active. FSP 157-3 is effective upon issuance, including prior periods for which the financial statements have not been issued. The adoption of FSP 157-3 during the three month period ending September 30, 2008 did not have a material impact on the Company’s consolidated results of operations or financial condition.

In June 2007, the Emerging Issues Task Force (“EITF”) ratified a consensus on EITF Issue No. 07-3 (EITF 07-3), “Accounting for Non-Refundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities”, which concluded that non-refundable advance payments for goods or services for use in research and development activities should be deferred and recognized as an expense in the period that the related goods are delivered or services performed. The Company has adopted EITF 07-3 effective January 1, 2008, and the adoption had no material impact on our consolidated financial position, results of operations and cash flows.

In November 2007, the EITF ratified a consensus on EITF Issue No. 07-1 (EITF 07-1), “Accounting for Collaborative Arrangements”, which requires participants in a collaboration to make separate disclosures regarding the nature and purpose of an arrangement, their rights and obligations under the arrangement, the accounting policy for the arrangement and the income statement classification and amounts arising from the arrangement between participants for each period an income statement is presented. EITF 07-1 is effective for us beginning in the first quarter of fiscal year 2009. We are currently evaluating the impact of the provisions of EITF 07-1 on our financial position, results of operations and cash flows and therefore, the impact of the adoption is unknown at this time.

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NOTE 2 - BASIC AND DILUTED NET LOSS PER SHARE

Basic loss per share is calculated based on the weighted average number of shares of common stock outstanding during the period. There are potential dilutive shares of common stock resulting from the assumed exercise of outstanding stock options and equivalents.

Because Sangamo is in a net loss position, diluted loss per share excludes the effects of common stock equivalents consisting of options, which are all antidilutive. Had Sangamo been in a net income position, diluted earnings per share would have included the shares used in the computation of basic net loss per share as well as an additional 53,537 shares and 255,657 shares for the three months ended September 30, 2008 and 2007, respectively, and an additional 1,663,663 shares and 2,308,721 shares for the nine months ended September 30, 2008 and 2007, respectively, related to outstanding options.

NOTE 3 - COMPREHENSIVE LOSS

Comprehensive loss is comprised of net loss and other comprehensive income (loss). Other comprehensive income (loss) includes certain changes in stockholders' equity that are excluded from net loss, which includes unrealized gains and losses on available-for-sale securities. Comprehensive loss and its components are as follows (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Net loss	\$(6,340)	\$(4,268)	\$(21,728)	\$(14,808)
Changes in unrealized gain (loss) on securities available-for-sale	47	110	(98)	125
Comprehensive loss	<u>\$(6,293)</u>	<u>\$(4,158)</u>	<u>\$(21,826)</u>	<u>\$(14,683)</u>

NOTE 4 - MAJOR CUSTOMERS, PARTNERSHIPS AND STRATEGIC ALLIANCES

Agreement with Dow AgroSciences in Plant Agriculture

In October 2005, we entered into a Research License and Commercial Option Agreement with Dow AgroSciences LLC ("DAS"), a wholly owned indirect subsidiary of Dow Chemical Corporation. Under this agreement, we will provide DAS with access to our proprietary zinc finger DNA-binding protein (ZFP) technology and the exclusive right to use our ZFP technology to modify the genomes or alter the nucleic acid or protein expression of plant cells, plants, or plant cell cultures. We have retained rights to use plants or plant-derived products to deliver ZFP transcription factors (ZFP TFs™) or zinc-finger nuclease (ZFN™) into human or animals for diagnostic, therapeutic, or prophylactic purposes.

Pursuant to the Research License and Commercial Option Agreement, DAS made an initial cash payment to us of \$7.5 million. In November 2005, the Company sold approximately 1.0 million shares of common stock to DAS at a price of \$3.85 per share, resulting in proceeds of \$3.9 million. Our agreement with DAS provided for an initial three-year research term during which DAS agreed to pay Sangamo \$6.0 million in research funding over the three-year period and make additional payments of up to \$4.0 million in research milestone payments during this same period, depending on the success of the research program. We have agreed to supply DAS and its sublicensees with ZFP TFs and/or ZFNs for both research and commercial use over the initial three year period of the agreement. On exercise of the option to obtain a commercial license, DAS may request that we transfer, at DAS's expense, the ZFP manufacturing technology to DAS or to a mutually agreed-upon contract manufacturer.

In June 2008, DAS exercised its option under the agreement to obtain a commercial license to sell products incorporating or derived from plant cells generated using our ZFP technology, including agricultural crops, industrial products and plant-derived biopharmaceuticals. The exercise of the option triggered a one-time commercial license fee of \$6.0 million, payment of the remaining \$2.3 million of the \$4.0 million in research milestones, minimum sublicensing payments totaling up to \$25.3 million over 11 years, development and commercialization milestone payments for each product, and royalties on sales of products. Furthermore, DAS will have the right to sublicense our ZFP technology to third parties for use in plant cells, plants, or plant cell cultures, and we will be entitled to 25% of any cash consideration received by DAS under such sublicenses. The research program may be extended beyond the initial three-year research term and DAS will provide additional research funding.

DAS may terminate the agreement at any time. In addition, each party may terminate the agreement upon an uncured material breach of the other party. In the event of any termination of the agreement, all rights to use our ZFP technology will revert to us, and DAS will no longer be permitted to practice our ZFP technology or to develop or, except in limited circumstances, commercialize any products derived from our ZFP technology.

The commercial license fee of \$6.0 million, the remaining research milestones of \$2.3 million, and the unrecognized portion of the initial cash payment are recognized ratably over the period from option exercise through September 30, 2009, which reflects the estimated timing over which the ZFP manufacturing technology transfer will occur, as well as the period over which Sangamo will be compensated by DAS for additional research services.

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Revenues under the agreement were \$2.2 million and \$1.3 million during the three months ended September 30, 2008 and 2007, respectively, and \$5.3 million and \$3.9 million during the nine months ended September 30, 2008 and 2007, respectively. Related costs and expenses incurred under the agreement were \$500,000 during the three months ended September 30, 2008 and 2007, respectively, and \$1.5 million during the nine months ended September 30, 2008 and 2007, respectively. As of September 30, 2008, the accounts receivable balance related to DAS was \$8.3 million.

In October 2008, we received \$8.5 million from DAS which relates to the \$6.0 million commercial license fee, \$2.3 million in remaining research milestones, and \$250,000 for a minimum sublicensing payment.

Agreement with Sigma-Aldrich Corporation in Laboratory Research Reagents

In July 2007, we entered into a license agreement with Sigma-Aldrich Corporation (“Sigma”). Under the license agreement, we are providing Sigma with access to our proprietary ZFP technology and the exclusive right to use the technology to develop and commercialize research reagents products and services in the research field, excluding certain agricultural research uses that Sangamo previously licensed to Dow AgroSciences LLC. Under the agreement, Sangamo and Sigma have agreed to conduct a three-year research program to develop laboratory research reagents using our ZFP technology. In addition, for three years we will assist Sigma in connection with Sigma’s efforts to market and sell services employing our technology in the research field. We will transfer the ZFP manufacturing technology to Sigma or to a mutually agreed-upon contract manufacturer upon Sigma’s request. Prior to the completion of this transfer, we will be responsible for supplying ZFPs for use by Sigma in performing services in the research field. Under the terms of the agreement, Sigma made an initial payment comprising an upfront license fee and the purchase of one million (1,000,000) shares of Sangamo’s common stock under a separate stock purchase agreement, resulting in a total upfront payment to Sangamo of \$13.5 million. There were three components to the \$13.5 million we received: an equity investment by Sigma in Sangamo common stock valued at \$8.55 million, a \$3.95 million license fee, and \$1.0 million of research funding. Under the License Agreement, we may receive additional research funding of up to \$2.0 million, development milestone payments of up to \$5.0 million, and commercial milestone payments based on net sales of up to \$17.0 million, subject to the continuation of the agreement. During the term of the license agreement, Sigma is obligated to pay to Sangamo minimum annual payments, a share of certain revenues received by Sigma from sublicensees, and royalty payments on the sale of licensed products and services. Sigma also has the right to sublicense the ZFP technology for research applications and we will receive 50% of any sublicensing revenues in the first two years and 25% of any sublicensing revenues thereafter. We retain the sole right to use and license our ZFP technology for GMP production purposes, for the production of materials used in or administered to humans, and for any other industrial commercial use.

The agreement may be terminated by Sigma at any time with a 90-day notice or by either party upon an uncured material breach of the other party. In the event of any termination, all rights to use our ZFP technology will revert to us, and Sigma will no longer be permitted to practice our ZFP technology or to develop or, except in limited circumstances, commercialize any products derived from our ZFP technology.

Revenues related to the research license under the Sigma agreement are being recognized ratably over the three-year research term of the agreement and were \$329,000 and \$275,000 during the three months ended September 30, 2008 and 2007, respectively, and \$987,000 and \$275,000 during the nine months ended September 30, 2008 and 2007, respectively. Revenues attributable to collaborative research and development performed under the Sigma agreement were \$250,000 and \$208,000 during the three months ended September 30, 2008 and 2007, respectively, and \$750,000 and \$208,000 during the nine months ended September 30, 2008 and 2007, respectively. Royalty revenues under the Sigma agreement were \$318,000 and \$0 during the three months ended September 30, 2008 and 2007, respectively, and \$334,000 and \$0 during the nine months ended September 30, 2008 and 2007, respectively. Related costs and expenses incurred under the Sigma agreement were \$728,000 and \$1.4 million during the three months and nine months ended September 30, 2008, respectively.

Enabling Technology Collaborations

Pharmaceutical Protein Production

We have established several research collaborations in this area. In December 2004, we announced a research collaboration agreement with Pfizer to use our ZFP technology to develop enhanced cell lines for protein pharmaceutical production. The scope of this agreement was expanded in January 2006 and again in January 2007 and provided further research funding from Pfizer to develop additional cell lines for enhanced protein production. Under the terms of the agreement, Pfizer is funding research at Sangamo and Sangamo will provide our proprietary ZFP technology for Pfizer to assess its feasibility for use in mammalian cell-based protein production. We are generating novel cell lines and vector systems for enhanced protein production as well as novel technology for rapid creation of new production cell lines. Revenues attributable to collaborative research and development performed under the Pfizer agreement were \$0 and \$25,000 during the three months ended September 30, 2008 and 2007, respectively, and \$0 and \$75,000 during nine months ended September 30, 2008 and 2007, respectively. Related research and development costs and expenses performed under the Pfizer agreement were \$6,000 and \$71,000 during the three months ended September 30, 2008 and 2007, respectively, and \$66,000 and \$318,000 during the nine months ended September 30, 2008 and 2007, respectively.

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In addition, in April 2007, we established a research and license agreement with Genentech, Inc. (“Genentech”). Under our agreement with Genentech, we are developing ZFNs for targeted genome modification to generate cell lines with novel characteristics for protein pharmaceutical production purposes. Genentech paid an upfront fee of \$400,000 which is being recognized ratably over the two year contract term. Genentech will also pay an ongoing technology access fee, and certain payments upon achievement of specified milestones relating to the research of ZFNs and the development and commercialization of products manufactured using a modified cell line created by our ZFN technology. Revenues attributable to collaborative research and development performed under the Genentech agreement were \$63,000 and \$62,000 during the three months ended September 30, 2008 and 2007, respectively, and \$326,000 and \$83,000 during nine months ended September 30, 2008 and 2007, respectively. Revenues attributable to the achievement of milestones were \$150,000 during nine months ended September 30, 2008. The agreement was expanded to include further ZFNs in February 2008. Under the expanded agreement, we may directly offer the ZFN-related services to Genentech and Sigma will in return receive a share of certain payments made to us by Genentech. Revenues recognized under the expanded agreement are included in royalty revenues from Sigma, as described above. Related research and development costs and expenses performed under the Genentech agreement were \$54,000 and \$38,000 during the three months ended September 30, 2008 and 2007, respectively, and \$108,000 and \$57,000 during the nine months ended September 30, 2008 and 2007, respectively.

Transgenic Animals

On April 2, 2008, we entered into a License Agreement with Open Monoclonal Technology, Inc. (“OMT”). Under the agreement we have granted OMT a royalty-bearing, non-exclusive, sublicensable worldwide license for the commercial use of a transgenic animal generated using our ZFP technology. We will receive an upfront license fee, payments upon the achievement of certain clinical development milestones, a share of payments received by OMT from sublicensees, and royalties on sales of any products developed using Sangamo’s ZFP technology. For any given OMT product, OMT has the right to buy out its future royalty payment obligations under the agreement by paying a lump sum fee to Sangamo.

On July 8, 2008, we entered into a Research and License Agreement with F. Hoffmann–La Roche Ltd and Hoffmann-La Roche Inc. (“Roche”). During an initial research term, we will provide Roche with access to aspects of our proprietary ZFN technology for the targeted modification of a specified gene in a specified species in order to generate ZFN-modified cell lines and animals for research purposes. In addition, Roche has an option to receive an exclusive, worldwide license to use such animals in the production of therapeutic and diagnostic products.

In consideration for the rights and licenses granted to Roche, as well as our efforts in generating the specific ZFN materials provided to Roche, Roche will pay us an initial research event fee, a payment upon delivery of such ZFN materials, and ongoing research maintenance fees during the research term. In the event that Roche exercises its option to receive a commercial license, Roche will pay us an option exercise fee, payments upon the achievement of certain clinical development milestones relating to products produced under such commercial license, and royalties on sales of such products.

We have an existing agreement with Sigma to develop and commercialize research reagents and services and Sigma has the exclusive right to offer certain services involving our ZFN technology that are covered under the research agreements with Roche and OMT. Notwithstanding this exclusive right, Sigma has agreed that we may directly offer the ZFN-related services to Roche and OMT under the research agreements and Sigma will in return receive a share of certain payments made to us. Revenues recognized under the Roche and OMT agreements are included in royalty revenues from Sigma, as described above.

Funding from Research Foundations

The Juvenile Diabetes Research Foundation International

In October 2006, Sangamo announced a partnership with the Juvenile Diabetes Research Foundation International (“JDRF”) to provide financial support to one of Sangamo’s Phase 2 human clinical studies (SB-509-601) of SB-509, a ZFP Therapeutic™ that is in development for the treatment of diabetic neuropathy. Under the agreement with JDRF and subject to its terms and conditions, including the Company’s achievement of certain milestones associated with the Company’s Phase 2 clinical trial of SB-509 for the treatment of mild to moderate diabetic neuropathy, JDRF will pay the Company an aggregate amount of up to \$3.0 million. After the first commercial launch of SB-509 in a major market, JDRF has the right to receive, subject to certain limitations, annual payments from Sangamo, until such time when the total amount paid to JDRF, including payments made on account of certain licensing arrangements, equals three times the amount received by us from JDRF.

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Under the agreement, we are obligated to use commercially reasonable efforts to carry out the Phase 2 trial and, thereafter, to develop and commercialize, a product containing SB-509 for the treatment of diabetes and complications of diabetes. We are obligated to cover all costs of the Phase 2 trial that are not covered by JDRF's grant. If we fail to satisfy these obligations, JDRF may have the right, subject to certain limitations, to obtain an exclusive, sublicensable license, to the intellectual property generated by us in the course of the Phase 2 trial, to make and commercialize products containing SB-509 for the treatment of diabetes and complications of diabetes. If JDRF obtains such a license, it is obligated to pay us a percentage of its revenues from product sales and sublicensing arrangements. If JDRF fails to satisfy its obligations to develop and commercialize a product containing SB-509 under the Agreement, then their license rights will terminate and we will receive a non-exclusive, fully paid license, for any intellectual property developed during JDRF's use of the license, to research, develop and commercialize products containing SB-509 for the treatment of diabetes and complications of diabetes.

Through September 30, 2008, we have received \$2.5 million from JDRF since inception of the partnership. Revenues attributable to research and development performed under the JDRF partnership were \$250,000 and \$295,000 during the three months ended September 30, 2008 and 2007, respectively, and \$1.0 million and \$1.1 million during the nine months ended September 30, 2008 and 2007, respectively. Related costs and expenses incurred were \$726,000 and \$1.0 million during the three months ended September 30, 2008 and 2007, respectively, and \$3.3 million and \$3.0 million during the nine months ended September 30, 2008 and 2007, respectively.

The Michael J. Fox Foundation for Parkinson's Research

In January 2007, Sangamo announced a partnership with the Michael J. Fox Foundation ("MJFF") to provide financial support of Sangamo's ZFP TFs to activate the expression of glial cell line-derived neurotrophic factor (GDNF) that has shown promise in preclinical testing to slow or stop the progression of Parkinson's disease. Under the agreement with MJFF and subject to its terms and conditions, MJFF will pay the Company \$950,000 over a period of two years. Through September 30, 2008, we have received the total funds due from MJFF. Revenues attributable to research and development performed under the MJFF partnership were \$271,000 and \$116,000 during the three months ended September 30, 2008 and 2007, respectively, and \$553,000 and \$300,000 during the nine months ended September 30, 2008 and 2007, respectively. Related costs and expenses incurred under the MJFF partnership were \$323,000 and \$116,000 during the three months ended September 30, 2008 and 2007, respectively, and \$700,000 and \$300,000 during the nine months ended September 30, 2008 and 2007, respectively.

NOTE 5 - FAIR VALUE MEASUREMENT

We adopted the measurement and disclosure requirements of FASB Statement No. 157 related to financial assets and liabilities effective January 1, 2008. The adoption of Statement No. 157 had no effect on our net loss for the nine months ended September 30, 2008. Statement No. 157 establishes a framework for measuring fair value and expands disclosure about fair value measurements.

The statement requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes our financial instruments as of September 30, 2008 (in thousands):

	September 30, 2008			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities:				
Commercial paper	\$24,929	\$ —	\$24,929	\$ —
Government agencies	22,929	—	22,929	—
Asset backed securities	1,648	—	1,648	—
Bank bonds	990	990	—	—
Total	<u>\$50,496</u>	<u>\$ 990</u>	<u>\$49,506</u>	<u>\$ —</u>

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NOTE 6 - INCOME TAXES

We maintain deferred tax assets that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These deferred tax assets include net operating loss carryforwards, research credits and capitalized research and development. The net deferred tax asset has been fully offset by a valuation allowance because of the Company's history of losses. Utilization of operating losses and credits may be subject to substantial annual limitation due to ownership change provisions of the Internal Revenue Code of 1986, as amended and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

NOTE 7 - STOCK-BASED COMPENSATION

The following table shows total stock-based compensation expenses included in the condensed consolidated statement of operations for the three-month and nine-month periods ended September 30, 2008 and 2007 (in thousands):

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Costs and expenses:				
Research and development	\$ 580	\$ 364	\$2,114	\$ 1,040
General and administrative	709	202	2,166	600
Total stock-based compensation expense	<u>\$ 1,289</u>	<u>\$ 566</u>	<u>\$4,280</u>	<u>\$ 1,640</u>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains trend analysis, estimates and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, without limitation, statements containing the words "believes," "anticipates," "expects," "continue," and other words of similar import or the negative of those terms or expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties, estimates and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results could differ materially from those set forth in such forward-looking statements as a result of, but not limited to, the "Risk Factors" described below. You should read the following discussion and analysis along with the financial statements and notes attached to those statements included elsewhere in this report and in our annual report on Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on March 3, 2008.

Overview

We were incorporated in June 1995. From our inception through September 30, 2008, our activities related primarily to establishing and operating a biotechnology research and development organization and developing relationships with our corporate collaborators. Our scientific and business development endeavors currently focus on the engineering of novel zinc finger DNA-binding proteins (ZFPs) for the regulation and modification of genes. We have incurred net losses since inception and expect to incur losses in the future as we continue our research and development activities. To date, we have funded our operations primarily through the issuance of equity securities, borrowings, payments from research grants and from corporate collaborators and strategic partners. As of September 30, 2008, we had an accumulated deficit of \$171.5 million.

Our revenues have consisted primarily of revenues from our corporate partners for ZFP TFs and ZFNs, contractual payments from strategic partners for research programs and research milestones, and research grant funding. We expect revenues will continue to fluctuate from period to period and there can be no assurance that new collaborations or partner fundings will continue beyond their initial terms.

We have continued to place more emphasis on higher-value therapeutic product development and related strategic partnerships and less emphasis on our Enabling Technology collaborations. We believe this shift in emphasis has the potential to increase the return on investment to our stockholders by allocating capital resources to higher value, therapeutic product development activities. At the same time, it may reduce our revenues over the next several years and subject us to higher financial risk by increasing expenses associated with product development. We filed an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) and have initiated three Phase 2 clinical trials of a ZFP Therapeutic in patients with diabetic neuropathy and one Phase 2 clinical trial in patients with Amyotrophic Lateral Sclerosis (ALS). Development of novel therapeutic products is costly and is subject to a lengthy and uncertain regulatory process by the FDA. Our future products are gene-based therapeutics. Adverse events in our own clinical program and other programs may have a negative impact on regulatory approval, the willingness of potential commercial partners to enter into agreements and the perception of the public.

Research and development expenses consist primarily of salaries and personnel expenses, pre-clinical and clinical studies, laboratory supplies, stock-based compensation expenses, allocated facilities costs, subcontracted research expenses, and expenses for technology licenses. Research and development costs incurred in connection with collaborator-funded activities are expensed as incurred. Costs to acquire technologies that are utilized in research and development and that have no alternative future use are expensed as incurred. We believe that continued investment in research and development is critical to attaining our strategic objectives. We expect these expenses will increase significantly as we focus increasingly on development of ZFP Therapeutics. Additionally, in order to develop ZFP TFs and ZFNs as commercially viable therapeutics, we expect to expend additional resources for expertise in the manufacturing, regulatory affairs and clinical research aspects of biotherapeutic development.

General and administrative expenses consist primarily of salaries and personnel expenses for executive, finance and administrative personnel, professional fees, patent prosecution expenses, allocated facilities costs and other general corporate expenses. As we pursue commercial development of our therapeutic leads we expect the business aspects of the Company to become more complex. We may be required in the future to add personnel and incur additional costs related to the maturity of our business.

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Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates are described in Note 1, Basis of Presentation and Summary of Significant Accounting Policies to the Unaudited Notes to Condensed Consolidated Financial Statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources, and evaluate our estimates on an ongoing basis. Actual results could differ from those estimates under different assumptions or conditions.

RESULTS OF OPERATIONS

Three months and nine months ended September 30, 2008 and 2007

Revenues

	Three months ended September 30,				Nine months ended September 30,			
	(in thousands, except percentage values)				(in thousands, except percentage values)			
	2008	2007	Change	%	2008	2007	Change	%
Revenues:								
Collaboration agreements	\$ 3,196	\$ 1,915	\$ 1,281	67%	\$ 7,658	\$ 4,526	\$ 3,132	69%
Research grants	549	410	139	34%	1,694	1,805	(111)	(6%)
Total revenues	\$ 3,745	\$ 2,325	\$ 1,420	61%	\$ 9,352	\$ 6,331	\$ 3,021	48%

Total revenues consist of revenues from collaboration agreements, strategic partnerships and research grants.

Revenues from our corporate collaboration and strategic partnering agreements were \$3.2 million for the three months ended September 30, 2008, compared to \$1.9 million in the corresponding period in 2007. The increase in collaboration agreement revenues was primarily attributable to increased revenues of \$891,000 in connection with our research license and commercial option agreement with Dow AgroSciences LLC ("DAS"), royalty revenues of \$318,000 related to our agreement with Sigma-Aldrich Corporation ("Sigma") and increased revenues of \$97,000 in connection with our laboratory research reagents license agreement with Sigma. Research grant revenues were \$549,000 for the three months ended September 30, 2008, compared to \$410,000 in the corresponding period in 2007. The increase in research grant revenues was primarily due to increased revenues of \$155,000 in connection with our grant from the Michael J. Fox Foundation ("MJFF"), partially offset by decreased revenues of \$45,000 related to our grant from the Juvenile Diabetes Research Foundation ("JDRF").

Revenues from our corporate collaboration and strategic partnering agreements were \$7.7 million for the nine months ended September 30, 2008, compared to \$4.5 million in the corresponding period in 2007. The increase in collaboration agreement revenues was primarily attributable to increased revenues of \$1.4 million in connection with our research license and commercial option agreement with DAS, increased revenues of \$1.3 million in connection with our laboratory research reagents license agreement with Sigma, royalty revenues of \$334,000 related to our agreement with Sigma and increased revenues of \$243,000 in connection with our research and license agreement with Genentech, partially offset by decreased revenues of \$75,000 from Pfizer. Research grant revenues were \$1.7 million for the nine months ended September 30, 2008, compared to \$1.8 million in the corresponding period in 2007. The decrease in research grant revenues was primarily due to decreased revenues of \$337,000 in connection with our Advanced Technical Program grant awarded by the National Institute of Standards and Technology and decreased revenues of \$125,000 in connection with our grant from JDRF, partially offset by increased revenues of \$253,000 related to our grant from the MJFF and increased revenues of \$141,000 in connection with our grant from the Defense Advanced Research Projects Agency ("DARPA"). We anticipate continued revenues from collaboration agreements, and we have applied for, and plan to continue to apply for research grants in the future to support the development of applications of our technology platform. Although we have negotiated collaboration agreements and received research grants in the past, we cannot assure that these efforts will be successful in the future.

Operating Expenses

	Three months ended September 30,				Nine months ended September 30,			
	(in thousands, except percentage values)				(in thousands, except percentage values)			
	2008	2007	Change	%	2008	2007	Change	%
Operating Expenses:								
Research and development	\$ 7,563	\$ 5,916	\$ 1,647	28%	\$ 24,492	\$ 17,655	\$ 6,837	39%
General and administrative	2,564	1,728	836	48%	8,036	5,840	2,196	38%
Total expenses	\$ 10,127	\$ 7,644	\$ 2,483	32%	\$ 32,528	\$ 23,495	\$ 9,033	38%

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Research and development

Research and development expenses consist primarily of salaries and personnel expenses, stock-based compensation expense, laboratory supplies, pre-clinical and clinical studies, manufacturing costs, allocated facilities costs, subcontracted research expenses and expenses for trademark registration and technology licenses. We expect to continue to devote substantial resources to research and development in the future and expect research and development expenses to increase in the next several years if we are successful in advancing our ZFP Therapeutic product candidates into clinical trials. To the extent we collaborate with others with respect to clinical trials, increases in research and development expenses may be reduced or avoided.

Research and development expenses were \$7.6 million for the three months ended September 30, 2008, compared to \$5.9 million in the corresponding period in 2007. The increase in research and development expenses was primarily attributable to increased pre-clinical and clinical studies and manufacturing expenses of \$853,000, primarily associated with our diabetic neuropathy program, and increased salaries and personnel expenses of \$417,000, including increased stock-based compensation expenses of \$216,000. The increase in stock-based compensation was due to increased grant activity, higher Black-Scholes value per share and a lower estimated forfeiture rate which the Company believes is more representative of its historical experience. Consulting expenses increased by \$351,000 primarily in support of our diabetic neuropathy program and facility expenses increased by \$137,000 primarily due to the Company leasing additional space and increased headcount. This was partially offset by decreased expenses related to licensing and external research of \$148,000.

Research and development expenses were \$24.5 million for the nine months ended September 30, 2008, compared to \$17.7 million in the corresponding period in 2007. The increase in research and development expenses was primarily attributable to increased pre-clinical and clinical studies and manufacturing expenses of \$3.8 million, primarily associated with our diabetic neuropathy program, and increased salaries and personnel expenses of \$1.7 million, including increased stock-based compensation expenses of \$1.1 million. The increase in stock-based compensation was due to increased grant activity, higher Black-Scholes value per share and a lower estimated forfeiture rate which the Company believes is more representative of its historical experience. Consulting expenses increased by \$1.0 million primarily in support of our diabetic neuropathy program and facility expenses increased by \$510,000 primarily due to the Company leasing additional space and increased headcount. This was partially offset by decreased expenses related to licensing and external research of \$135,000.

General and administrative

General and administrative expenses consist primarily of salaries and personnel expenses for executive, finance and administrative personnel, stock-based compensation expenses, professional fees, allocated facilities costs, expenses for patent prosecution and other general corporate expenses. As we pursue commercial development of our therapeutic leads, we expect the business aspects of the Company to become more complex. We may be required in the future to add personnel and incur additional costs related to the maturity of our business.

General and administrative expenses were \$2.6 million for the three months ended September 30, 2008, compared to \$1.7 million in the corresponding period in 2007. This increase is primarily attributable to increased salaries and personnel expenses of \$672,000, including increased stock-based compensation expenses of \$507,000, and increased expenses related to professional services of \$183,000. The increase in stock-based compensation was due to increased grant activity, higher Black-Scholes value per share and a lower estimated forfeiture rate as noted above.

General and administrative expenses were \$8.0 million for the nine months ended September 30, 2008, compared to \$5.8 million in the corresponding period in 2007. This increase is primarily attributable to increased salaries and personnel related expenses of \$2.2 million, including increased stock-based compensation expenses of \$1.6 million. The increase in stock-based compensation was due to increased grant activity, higher Black-Scholes value per share and a lower estimated forfeiture rate as noted above.

Interest and Other Income, net

	Three months ended September 30,				Nine months ended September 30,			
	(in thousands, except percentage values)				(in thousands, except percentage values)			
	2008	2007	Change	%	2008	2007	Change	%
Interest and other income, net	\$ 42	\$ 1,051	\$ (1,009)	(96%)	\$ 1,448	\$ 2,356	\$ (908)	(39%)

Interest and other income, net, was \$42,000 for the three months ended September 30, 2008, compared to \$1.1 million in the corresponding period in 2007. The decrease was primarily due to lower interest income earned of \$548,000 due to lower average investment balances and lower interest rates. In addition, a foreign currency translation loss of \$373,000 was recognized during the quarter ended September 30, 2008, related to our cash holdings at our wholly-owned UK subsidiary, Gendaq Limited. During the corresponding period in 2007, a foreign currency translation gain of \$88,000 was recognized. Interest and other income, net, was \$1.5 million for the nine months ended September 30, 2008, compared to \$2.4 million in the corresponding period in 2007. The decrease

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was due to a foreign currency translation loss of \$376,000, as noted above, during the nine months ended September 30, 2008, compared to a foreign currency translation gain of \$177,000 during the corresponding period in 2007. Also, interest income earned was lower by \$356,000 due to lower average investment balances and lower interest rates.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through the sale of equity securities, payments from corporate collaborators, research grants and financing activities such as a bank line of credit. As of September 30, 2008, we had cash, cash equivalents, short-term investments and interest receivable totaling \$59.5 million. In October 2008, the company received \$8.5 million in scheduled payments from Dow AgroSciences LLC.

Net cash used in operating activities was \$23.4 million for the nine months ended September 30, 2008. Net cash used in operating activities consisted of the net loss for the nine-month period of \$21.7 million and a net change of \$5.4 million in operating assets and liabilities, partially offset by non-cash charges of \$3.7 million. The net increase in operating liabilities of \$3.0 million was primarily comprised of increases in deferred revenues of \$3.2 million and accrued compensation and employee benefits of \$44,000, partially offset by decreases in accounts payable and accrued liabilities of \$295,000. The net increase in operating assets of \$8.4 million was primarily comprised of increased accounts receivable of \$8.6 million, partially offset by decreases in prepaid expenses and other assets of \$115,000 and interest receivable of \$105,000. The non-cash charges included \$4.3 million related to stock-based compensation and \$381,000 related to depreciation and amortization, partially offset by amortization of premium / discount on investments of \$931,000.

Net cash used in operating activities was \$11.0 million for the nine months ended September 30, 2007. Net cash used in operating activities consisted primarily of the net loss for the nine month period of \$14.8 million, partially offset by a net change of \$3.5 million in operating assets and liabilities and non-cash charges of \$313,000. The net increase in operating liabilities of \$3.4 million was primarily comprised of increases in deferred revenues of \$3.3 million, accounts payable and accrued liabilities of \$104,000 and accrued compensation and employee benefits of \$24,000. The net decrease in operating assets of \$84,000 was comprised of decreases in accounts receivable balances of \$467,000, partially offset by increases in prepaid expenses and other assets of \$221,000 and interest receivable of \$162,000. The non-cash charges consisted primarily of \$1.6 million related to stock-based compensation and \$187,000 related to depreciation and amortization, partially offset by amortization of premium / discount on investments of \$1.5 million.

Net cash provided by investing activities was \$18.4 million for the nine months ended September 30, 2008 and was comprised of cash proceeds associated with maturities of investments of \$84.1 million and proceeds from sales of investments of \$4.0 million, partially offset by cash used to purchase investments and property and equipment of \$69.0 million and \$715,000, respectively. Net cash used by investing activities was \$25.0 million for the nine months ended September 30, 2007 and was comprised of cash used to purchase investments and property and equipment of \$86.1 million and \$816,000, respectively, partially offset by cash proceeds associated with maturities of investments of \$61.9 million.

Net cash provided by financing activities for the nine-months ended September 30, 2008 and 2007 was \$1.4 million and \$40.2 million, respectively. Proceeds for the nine months ended September 30, 2008 were solely related to proceeds from the issuance of common stock related to stock option exercises. Proceeds for the nine months ended September 30, 2007 were related to net proceeds from the issuance of common stock related to a registered direct offering to a group of institutional investors of \$28.0 million, proceeds from the issuance of common stock in connection with our laboratory research reagents license agreement with Sigma-Aldrich Corporation of \$8.6 million and proceeds related to stock option exercises of \$3.6 million.

While we expect our rate of cash usage to increase in the future, in particular to support our product development endeavors, we believe that the available cash resources, funds received from corporate collaborators, strategic partners and research grants will be sufficient to finance our operations through 2009. We may need to raise additional capital to fund our ZFP Therapeutic development activities. Additional capital may not be available on terms acceptable to us, or at all. If adequate funds are not available, our business, and our ability to develop our technology and our ZFP Therapeutic products, would be harmed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our cash equivalents and investments. The investments are available-for-sale. We do not use derivative financial instruments in our investment portfolio. We attempt to ensure the safety and preservation of our invested funds by limiting default and market risks. Our cash and investments policy emphasizes liquidity and preservation of principal over other portfolio considerations. We select investments that maximize interest income to the extent possible within these guidelines. We satisfy liquidity requirements by investing excess cash in securities with different maturities to match projected cash needs and limit concentration of credit risk by diversifying our investments among a variety of high credit-quality issuers. We mitigate default risk by investing in only investment-grade securities. The portfolio includes marketable securities with active secondary or resale markets to ensure portfolio liquidity. All investments have a fixed interest rate and are carried at market value, which approximates cost.

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Our market risks at September 30, 2008 have not changed materially from those discussed in Item 7A of our Form 10-K for the year ended December 31, 2007 on file with the Securities and Exchange Commission.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

(b) Change in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to any material pending legal proceedings, other than routine litigation incidental to our business.

ITEM 1A. RISK FACTORS

This Form 10-Q contains forward-looking information based on our current expectations. Because our actual results may differ materially from any forward-looking statements made by or on behalf of Sangamo, this section includes a discussion of important factors that could affect our actual future results, including, but not limited to, our revenues, expenses, net loss and loss per share.

ZFP Therapeutics have undergone limited testing in humans and our ZFP Therapeutics may fail safety studies in clinical trials.

We have initiated and completed a Phase 1 study and initiated several Phase 2 clinical trials in our lead ZFP Therapeutic program. We have completed enrollment and treatment of the patients in the first of these trials of SB-509 for diabetic neuropathy and thus far have not observed any serious drug-related adverse events. However if our lead ZFP Therapeutic fails one of its safety studies, it could reduce our ability to attract new investors and corporate partners. In January 2005, we filed an IND with the FDA for SB-509, a ZFP TF activator of VEGF-A, for the treatment of mild to moderate diabetic neuropathy. We have completed enrollment and treatment of a Phase 1, single blind, single dose, dose-escalation trial to measure the laboratory and clinical safety of SB-509. We have completed enrollment of a repeat-dosing Phase 2 clinical trial (SB-509-601) and have 2 other related Phase 2 trials ongoing for this indication (SB-509-701 and SB-509-703). We also have initiated a Phase 2 clinical trial (SB 509-801) to evaluate SB-509 for the treatment of ALS. Some trial subjects have received more than one dose of SB-509 during the course of these Phase 2 studies. In addition, Phase 1 clinical trials of an identical ZFP TF have been carried out in subjects with peripheral artery disease. These early studies of a ZFP Therapeutic are a highly visible test of our ZFP Therapeutic approach. Since we have increased our focus on ZFP Therapeutic research and development, investors will increasingly assess the value of our technology based on the continued progress of ZFP Therapeutic products into and through clinical trials. If clinical trials of our lead therapeutic were halted due to safety concerns, this would negatively affect our operations and the value of our stock.

The results of early Phase 1 and Phase 2 trials are based on a small number of patients over a short period of time, and our progress may not be indicative of results in a large number of patients or of long-term efficacy.

The results in early phases of clinical testing are based upon limited numbers of patients and a limited follow-up period. Typically, our Phase 1 clinical trials for indications of safety enroll less than 50 patients. The initial results from the Phase 1 clinical trial of our ZFP Therapeutic, SB-509 product, became available in the first half of 2006 and the complete data set was presented in June 2008. The primary end point of the trial was clinical and laboratory safety, however we collected some preliminary efficacy data that showed trends of clinical improvement in some subjects. Our first Phase 2 clinical trial (SB-509-601) for safety and efficacy has enrolled 110 patients. Actual results with more data points may not confirm favorable results from earlier stage trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late stage clinical trials even after achieving promising results in earlier stage clinical trials. If a larger population of patients does not experience positive results, or if

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these results are not reproducible, our products may not receive approval from the FDA. Failure to demonstrate the safety and effectiveness of our ZFP Therapeutic products in larger patient populations could have a material adverse effect on our business that would cause our stock price to decline significantly.

We have limited experience in conducting clinical trials.

Our ZFP Therapeutics may fail to show the desired safety and efficacy in initial clinical trials. We have completed a Phase 1 trial and initiated several Phase 2 clinical trials, completing enrollment on one of these studies. However, the FDA will require additional clinical testing which involves significantly greater resources, commitments and expertise that may require us to enter into a collaborative relationship with a pharmaceutical company that could assume responsibility for late-stage development and commercialization.

We may not be able to find acceptable patients or may experience delays in enrolling patients for our clinical trials.

We may be competing for suitable patients with other clinical trials. We or the FDA may suspend our clinical trials at any time if either believes that we are exposing the subjects participating in these trials to unacceptable health risks. The FDA or institutional review boards and/or institutional biosafety committees at the medical institutions and healthcare facilities where we sponsor clinical trials may suspend any trial indefinitely if they find deficiencies in the conduct of these trials. The FDA and institutional review boards may also require large numbers of patients, and the FDA may require that we repeat a clinical trial.

Our potential therapeutic products are subject to a lengthy and uncertain regulatory process, and we may encounter unanticipated toxicity or adverse events or fail to demonstrate efficacy, causing us to delay, suspend or terminate the development of a ZFP Therapeutic. If these potential products are not approved, we will not be able to commercialize those products.

The FDA must approve any human therapeutic product before it can be marketed in the United States. The process for receiving regulatory approval is long and uncertain, and a potential product may not withstand the rigors of testing under the regulatory approval processes.

Before commencing clinical trials in humans, we must submit an Investigational New Drug (IND) application to the FDA. The FDA has 30 days to comment on the IND. If the FDA does not comment on the IND, we or our commercial partner may begin clinical trials.

Clinical trials are subject to oversight by institutional review boards and the FDA. In addition, our proposed clinical studies require review from the Recombinant DNA Advisory Committee, or RAC, which is the advisory board to the National Institutes of Health, or NIH, focusing on clinical trials involving gene transfer. We will typically submit a proposed clinical protocol and other product-related information to the RAC three to six months prior to the expected IND filing date.

Clinical trials:

- must be conducted in conformance with the FDA's good clinical practices ICH guidelines and other applicable regulations;
- must meet requirements for institutional review board (IRB) oversight;
- must follow Institutional Biosafety Committee (IBC) and NIH RAC guidelines where applicable;
- must meet requirements for informed consent;
- are subject to continuing FDA oversight;
- may require large numbers of test subjects; and
- may be suspended by a commercial partner, the FDA, or us at any time if it is believed that the subjects participating in these trials are being exposed to unacceptable health risks or if the FDA finds deficiencies in the IND or the conduct of these trials.

While we have stated our intention to file additional IND applications during the next several years, this is only a statement of intent, and we may not be able to do so because the associated product candidates may not meet the necessary preclinical requirements. In addition, there can be no assurance that, once filed, an IND application will result in the actual initiation of clinical trials.

As we cannot predict whether or when we will obtain regulatory approval to commercialize our product candidates, we cannot predict the timing of any future revenue from these product candidates.

We cannot commercialize any of our ZFP Therapeutics to generate revenue until the appropriate regulatory authorities have reviewed and approved the applications for the product candidates. We cannot assure that the regulatory agencies will complete their review processes in a timely manner or that we will obtain regulatory approval for any product candidate that we or our collaborators

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develop. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Regulatory approval processes outside the United States include all of the risks associated with the FDA approval process. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action or changes in FDA policy during the period of product development, clinical trials and FDA regulatory review.

If we establish drug development collaborations, our collaborators may control aspects of our clinical trials, which could result in delays and other obstacles in the commercialization of our proposed products.

For some programs we may be dependent on third party collaborators to design and conduct our clinical trials. As a result, we may not be able to conduct these programs in the manner or on the time schedule we currently contemplate. In addition, if any of these collaborative partners withdraw support for our programs or proposed products or otherwise impair their development, our business could be negatively affected.

We have increased the focus of our research and development programs on human therapeutics, which will increase operating expenditures and the uncertainty of our business.

We have significantly increased the emphasis and focus of our research and development activities on ZFP Therapeutics and have fewer resources invested in our Enabling Technology programs. In the short term, this change may reduce our revenues and increase operating expenditures due to larger financial outlays to fund preclinical studies, manufacturing, and clinical research. The focus on ZFP Therapeutics will also increase the visibility of our lead therapeutic programs and the potential impact on the stock price of news releases relating to these programs.

We are conducting proprietary research to discover ZFP Therapeutic product candidates. These programs increase our financial risk of product failure, may significantly increase our research expenditures, and may involve conflicts with future collaborators and strategic partners.

Our proprietary research programs consist of research which is funded solely by the Company and in which the Company retains exclusive rights to therapeutic products generated by such research. This is in contrast to certain of our research programs that may be funded by corporate partners and in which we may share rights to any resulting products. We have conducted proprietary research since inception. However, in the past several years, our strategy has shifted toward placing greater emphasis on proprietary research and therapeutic development and we expect this trend will continue in 2009 as we continue to prosecute our Phase 2 clinical trials and bring new ZFP Therapeutics into clinical trials. Conducting proprietary research programs may not generate corresponding revenue and may create conflicts with our collaborators or strategic partners over rights to our intellectual property with respect to our proprietary research activities. Any conflict with our collaborators or strategic partners could reduce our ability to enter into future collaborations or strategic partnering agreements and negatively impact our relationship with existing collaborators and strategic partners which could reduce our revenue and delay or terminate our product development. The implementation of this strategy will involve substantially greater business risks, the expenditure of significantly greater funds than our historic research activities and will require substantial commitments of time from our management and staff.

Commercialization of our technologies will depend, in part, on strategic partnering with other companies. If we are not able to find strategic partners in the future or our strategic partners do not diligently pursue product development efforts, we may not be able to develop our technologies or products, which could slow our growth and decrease the value of our stock.

We expect to rely, to some extent, on our strategic partners to provide funding in support of our research and to perform independent research and preclinical and clinical testing. Our technology is broad based, and we do not currently possess the resources necessary to fully develop and commercialize potential products that may result from our technologies or the resources or capabilities to complete the lengthy marketing approval processes that may be required for the products. Therefore, we plan to rely on strategic partnerships to help us develop and commercialize ZFP Therapeutic products. If we are unable to find strategic partners or if the partners we find are unable or unwilling to advance our programs, or if they do not diligently pursue product approval, this may slow our progress and defer our revenues. Our partners may sublicense or abandon development programs or we may have disagreements with our partners, which would cause associated product development to slow or cease. There can be no assurance that we will be able to establish strategic collaborations for ZFP Therapeutic product development. We may require significant time to secure collaborations or strategic partners because we need to effectively market the benefits of our technology to these future collaborators and strategic partners, which use the time and efforts of research and development personnel and our management. Further, each collaboration or strategic partnering arrangement will involve the negotiation of terms that may be unique to each collaborator or strategic partner. These business development efforts may not result in a collaboration or strategic partnership.

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The loss of any future strategic partnering agreements would not only delay or terminate the potential development or commercialization of products we may derive from our technologies, but it may also delay or terminate our ability to test ZFP therapeutic candidates for specific genes. If any strategic partner fails to conduct the collaborative activities successfully and in a timely manner, the preclinical or clinical development or commercialization of the affected product candidates or research programs could be delayed or terminated.

Under typical strategic partnering agreements we would expect to receive revenue for the research and development of a ZFP Therapeutic product and based on achievement of specific milestones. Achieving these milestones will depend, in part, on the efforts of our strategic partner as well as our own. If we, or any strategic partner, fail to meet specific milestones, then the strategic partnership may be terminated, which could decrease our revenues.

Our gene regulation and gene modification technology is relatively new, and if we are unable to use this technology in all our intended applications, it would limit our revenue opportunities.

Our technology involves a relatively new approach to gene regulation and gene modification. Although we have generated ZFPs for thousands of gene sequences, we have not created ZFPs for all gene sequences and may not be able to do so, which could limit the usefulness of our technology. In addition, while we have demonstrated the function of engineered ZFP TFs in mammalian cell culture, yeast, insects, plants, and animals, we have not yet definitively done so in humans, and the failure to do so could restrict our ability to develop commercially viable products. If we, and our collaborators or strategic partners, are unable to extend our results to new commercially important genes, experimental animal models, and human clinical studies, we may be unable to use our technology in all its intended applications. Also, delivery of ZFP TFs and ZFNs into cells and organisms, including humans, in these and other environments is limited by a number of technical hurdles, which we may be unable to surmount. This is a particular challenge for therapeutic applications of our technology that will require the use of gene transfer systems that may not be effective for the delivery of our ZFP TFs or ZFNs in a particular therapeutic application.

The expected value and utility of our ZFP TFs and ZFNs is in part based on our belief that the targeted or specific regulation of gene expression and targeted gene modification may enable us to develop a new therapeutic approach as well as to help scientists better understand the role of genes in disease, to aid their efforts in drug discovery and development. We also believe that the regulation of gene expression and targeted gene addition will have utility in agricultural applications. There is only a limited understanding of the role of specific genes in all these fields. Life sciences companies have developed or commercialized only a few products in any of these fields based on results from genomic research or the ability to regulate gene expression. We, our collaborators, or our strategic partners, may not be able to use our technology to identify and validate drug targets or to develop commercial products in the intended markets.

We may be unable to license gene transfer technologies that we may need to commercialize our ZFP TF technology.

In order to regulate or modify a gene in a cell, the ZFP TF or ZFN must be efficiently delivered to the cell. We have licensed certain gene transfer technologies for use with our Enabling Technologies, which are ZFP TFs and ZFNs used in pharmaceutical discovery research and protein production. We are evaluating these systems and other technologies that may need to be used in the delivery of ZFP TFs or ZFNs into cells for in vitro and in vivo applications, including ZFP Therapeutics. However, we may not be able to license the gene transfer technologies required to develop and commercialize our ZFP Therapeutics. We have not developed our own gene transfer technologies, and we rely on our ability to enter into license agreements to provide us with rights to the necessary gene transfer technology. The inability to obtain a license to use gene transfer technologies with entities which own such technology on reasonable commercial terms, if at all, could delay or prevent the preclinical evaluation, clinical testing, and/or commercialization of our therapeutic product candidates.

We do not currently have the infrastructure or capability to manufacture therapeutic products on a commercial scale.

In order for us to commercialize these therapeutic products directly, we would need to develop, or obtain through outsourcing arrangements, the capability to execute all of these functions. If we are unable to develop or otherwise obtain the requisite preclinical, clinical, regulatory, manufacturing, marketing, and sales capabilities, we would be unable to directly commercialize our therapeutics products which would limit our future growth.

Even if our technology proves to be effective, it still may not lead to commercially viable products.

Even if our collaborators or strategic partners are successful in using our ZFP technology in drug discovery, protein production, therapeutic development, or plant agriculture, they may not be able to commercialize the resulting products or may decide to use other methods competitive with our technology. To date, no company has received marketing approval or has developed or commercialized any therapeutic or agricultural products based on our technology. Should our technology fail to provide safe, effective, useful, or commercially viable approaches to the discovery and development of these products, this would significantly limit our business and future growth and would adversely affect our value.

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Even if our product development efforts are successful and even if the requisite regulatory approvals are obtained, our ZFP Therapeutics may not gain market acceptance among physicians, patients, healthcare payers and the medical community.

A number of additional factors may limit the market acceptance of products including the following:

- rate of adoption by healthcare practitioners;
- rate of a product's acceptance by the target population;
- timing of market entry relative to competitive products;
- availability of alternative therapies;
- price of our product relative to alternative therapies;
- availability of third-party reimbursement;
- extent of marketing efforts by us and third-party distributors or agents retained by us; and
- side effects or unfavorable publicity concerning our products or similar products.

Adverse events in the field of gene therapy may negatively impact regulatory approval or public perception of our potential products.

Our potential therapeutic products are delivered to patients as gene-based drugs, or gene therapy. The clinical and commercial success of our potential products will depend in part on public acceptance of the use of gene therapy for the prevention or treatment of human diseases. Public attitudes may be influenced by claims that gene therapy is unsafe, and, consequently, our products may not gain the acceptance of the public or the medical community. Negative public reaction to gene therapy in general could result in greater government regulation and stricter labeling requirements of gene therapy products, including any of our products, and could cause a decrease in the demand for any products we may develop.

Our stock price is also influenced by public perception of gene therapy and government regulation of potential products.

Reports of serious adverse events in a retroviral gene transfer trial for infants with X-linked severe combined immunodeficiency (X-linked SCID) in France and subsequent FDA actions putting related trials on hold in the United States had a significant negative impact on the public perception and stock price of certain companies involved in gene therapy. Stock prices of these companies declined whether or not the specific company was involved with retroviral gene transfer for the treatment of infants with X-linked SCID, or whether the specific company's clinical trials were placed on hold in connection with these events. Other potential adverse events in the field of gene therapy may occur in the future that could result in greater governmental regulation of our potential products and potential regulatory delays relating to the testing or approval of our potential products

We are at the development phase of operations and may not succeed or become profitable.

We began operations in 1995 and are in the early phases of ZFP Therapeutic product development. We have incurred significant losses and our net losses for the past three fiscal years ended 2007, 2006 and 2005 were \$21.5 million, \$17.9 million and \$13.3 million, respectively. To date, our revenues have been generated from strategic partners, Enabling Technology collaborations, and federal government and research foundation grants. Since 2005, we have placed significant emphasis on higher-value therapeutic product development and related strategic partnerships. This shift in emphasis has the potential to increase the return on investment to our stockholders by allocating capital resources to higher value, therapeutic product development activities. At the same time, it increases our financial risk by increasing expenses associated with product development. In addition, the preclinical or clinical failure of any single product, such as our Phase 2 clinical trials of SB-509, may have a significant effect on the actual or perceived value of our shares. Our business is subject to all of the risks inherent in the development of a new technology, which included the need to:

- attract and retain qualified scientific and technical staff and management, particularly scientific staff with expertise to develop our early-stage technology into therapeutic products;
- obtain sufficient capital to support the expense of developing our technology platform and developing, testing, and commercializing products;
- develop a market for our products;
- successfully transition from a company with a research focus to a company capable of supporting commercial activities; and
- attract and enter into research collaborations with research and academic institutions and scientists.

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If our competitors develop, acquire, or market technologies or products that are more effective than ours, this would reduce or eliminate our commercial opportunity.

Any products that we or our collaborators or strategic partners develop by using our ZFP technology platform will enter into highly competitive markets. Even if we are able to generate ZFP Therapeutics that are safe and effective for their intended use, competing technologies may prove to be more effective or less expensive, which, to the extent these competing technologies achieve market acceptance, will limit our revenue opportunities. In some cases, competing technologies have proven to be satisfactorily effective and less expensive, as has been the case with technologies competitive with our Enabling Technology. The effectiveness of these competing products has reduced the revenues generated by our Enabling Technology. Competing technologies may include other methods of regulating gene expression or modifying genes. ZFP TFs and ZFNs have broad application in the life sciences industry and compete with a broad array of new technologies and approaches being applied to genetic research by many companies. Competing proprietary technologies with our product development focus include:

- For ZFP Therapeutics:
 - small molecule drugs;
 - monoclonal antibodies;
 - recombinant proteins;
 - gene therapy/cDNAs;
 - antisense; and
 - siRNA approaches
- For our Enabling Technology Applications:
 - For protein production: gene amplification, meganucleases, insulator technology, mini-chromosomes;
 - For target validation: antisense, siRNA; and
 - For plant agriculture: recombination approaches, mutagenesis approaches, meganucleases, mini-chromosomes;
- In addition to possessing competing technologies, our competitors include pharmaceutical and biotechnology companies with:
 - substantially greater capital resources than ours;
 - larger research and development staffs and facilities than ours; and
 - greater experience in product development and in obtaining regulatory approvals and patent protection;
- These organizations also compete with us to:
 - attract qualified personnel;
 - attract parties for acquisitions, joint ventures or other collaborations; and
 - license the proprietary technologies of academic and research institutions that are competitive with our technology, which may preclude us from pursuing similar opportunities.

Accordingly, our competitors may succeed in obtaining patent protection or commercializing products before us. In addition, any products that we develop may compete with existing products or services that are well established in the marketplace.

Our collaborators or strategic partners may decide to adopt alternative technologies or may be unable to develop commercially viable products with our technology, which would negatively impact our revenues and our strategy to develop these products.

Our collaborators or strategic partners may adopt alternative technologies, which could decrease the marketability of ZFP technology. Additionally, because many of our collaborators or strategic partners are likely to be working on more than one development project, they could choose to shift their resources to projects other than those they are working on with us. If they do so, this would delay our ability to test our technology and would delay or terminate the development of potential products based on our ZFP technology. Further, our collaborators and strategic partners may elect not to develop products arising out of our collaborative and strategic partnering arrangements or to devote sufficient resources to the development, manufacturing, marketing, or sale of these products. If any of these events occur, we may not be able to develop our technologies or commercialize our products.

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We anticipate continuing to incur operating losses for the next several years. If material losses continue for a significant period, we may be unable to continue our operations.

We have generated operating losses since we began operations in 1995. The extent of our future losses and the timing of profitability are uncertain, and we expect to incur losses for the foreseeable future. We have been engaged in developing our ZFP TF technology since inception, which has and will continue to require significant research and development expenditures. In July 2007, we completed a registered direct offering to institutional investors for a total of 3,278,689 shares of common stock, at a price of \$9.15 per share, resulting in net proceeds to us of \$28.0 million. Also in July 2007, we entered into a license agreement and a related stock purchase agreement with Sigma-Aldrich Corporation (“Sigma”) under which we sold to Sigma 1.0 million shares of Sangamo’s common stock valued at \$8.55 million. In June 2006, in an underwritten public offering and pursuant to an effective registration statement, we sold 3,100,000 shares of common stock at a public offering price of \$6.75 per share, resulting in net proceeds of approximately \$20.2 million. In November 2005, we completed a registered direct offering to institutional and strategic investors for a total of 5,080,000 shares of common stock at a price of \$3.85 per share to the investors, resulting in net proceeds to Sangamo of approximately \$18.2 million. To date, we have generated all other funding from revenues derived from strategic partnering agreements, Enabling Technology collaborations, federal government research grants and grants awarded by research foundations. As of September 30, 2008, we had an accumulated deficit of approximately \$171.5 million. We expect to incur losses for the foreseeable future. These losses will increase as we expand and extend our research and development activities into human therapeutic product development. If the time required us to generate significant product revenues and achieve profitability is longer than we currently anticipate or if we are unable to generate liquidity through equity financing, we may not be able to sustain our operations.

We may be unable to raise additional capital, which would harm our ability to develop our technology and products.

We have incurred significant operating losses and negative operating cash flows since inception and have not achieved profitability. We expect capital outlays and operating expenditures to increase over the next several years as we expand our infrastructure and research and ZFP Therapeutic product development activities. While we believe our financial resources will be adequate to sustain our current operations at least through 2009, we may seek additional sources of capital through equity or debt financing. In addition, as we focus our efforts on proprietary human therapeutics, we will need to seek FDA approval of potential products, a process that could cost in excess of \$100 million per product. We cannot be certain that we will be able to obtain financing on terms acceptable to us, or at all. If adequate funds are not available, our business and our ability to develop our technology and ZFP Therapeutic products would be harmed.

Our stock price has been volatile and may continue to be volatile, which could result in substantial losses for investors.

During the quarter ended September 30, 2008, our common stock price ranged from a low of \$6.91 to high of \$11.52. During the past two years, our common stock price has fluctuated significantly, ranging from a low of \$6.22 to a high of \$19.08 during the year ended December 31, 2007, and a low of \$4.10 to a high of \$8.00 during the year ended December 31, 2006. In addition, the recent market instability caused by the turmoil in the financial industry has further contributed to the volatility of our stock price; in September and October 2008, our common stock price has fluctuated from a low of \$6.02 to a high of \$9.95. Volatility in our common stock could cause stockholders to incur substantial losses. An active public market for our common stock may not be sustained, and the market price of our common stock may continue to be highly volatile. The market price of our common stock has fluctuated significantly in response to the following factors, some of which are beyond our control:

- announcements by us or future partners providing updates on the progress or development status of ZFP Therapeutics;
- data from clinical trials;
- changes in market valuations of similar companies;
- overall market condition;
- deviations in our results of operations from the guidance given by us or estimates of securities analysts;
- announcements by us or our competitors of new or enhanced products, technologies or services or significant contracts, acquisitions, strategic relationships, joint ventures or capital commitments;
- regulatory developments;
- additions or departures of key personnel;
- future sales of our common stock or other securities by the Company, management or directors, liquidation of institutional funds that comprised large holdings of Sangamo stock; and
- decreases in our cash balances.

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Our common stock is relatively thinly traded, which means large transactions in our common stock may be difficult to conduct in a short time frame.

We have a relatively low volume of daily trades in our common stock on the Nasdaq Global Market. For example, the average daily trading volume in our common stock on the Nasdaq Global Market over the ten-day trading period prior to October 20, 2008 was approximately 366,670 shares per day. Any large transactions in our common stock may be difficult to conduct and may cause significant fluctuations in the price of our common stock.

Because it is difficult and costly to protect our proprietary rights, and third parties have filed patent applications that are similar to ours, we cannot ensure the proprietary protection of our technologies and products.

Our commercial success will depend in part on obtaining patent protection of our technology and successfully defending any of our patents that may be challenged. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and can involve complex legal and factual questions. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date. Accordingly, we cannot predict the breadth of claims allowed in patents we own or license.

We are a party to various license agreements that give us rights under specified patents and patent applications. Our current licenses, as our future licenses frequently will, contain performance obligations. If we fail to meet those obligations, the licenses could be terminated. If we are unable to continue to license these technologies on commercially reasonable terms, or at all, we may be forced to delay or terminate our product development and research activities.

With respect to our present and any future sublicenses, since our rights derive from those granted to our sublicensor, we are subject to the risk that our sublicensor may fail to perform its obligations under the master license or fail to inform us of useful improvements in, or additions to, the underlying intellectual property owned by the original licensor.

We are unable to exercise the same degree of control over intellectual property that we license from third parties as we exercise over our internally developed intellectual property. We do not control the prosecution of certain of the patent applications that we license from third parties; therefore, the patent applications may not be prosecuted exactly as we desire or in a timely manner.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- we or our licensors were the first to make the inventions covered by each of our pending patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- the patents of others will not have an adverse effect on our ability to do business;
- others will not independently develop similar or alternative technologies or reverse engineer any of our products, processes or technologies;
- any of our pending patent applications will result in issued patents;
- any patents issued or licensed to us or our collaborators or strategic partners will provide a basis for commercially viable products or will provide us with any competitive advantages;
- any patents issued or licensed to us will not be challenged and invalidated by third parties; or
- we will develop additional products, processes or technologies that are patentable.

Others have filed and in the future are likely to file patent applications that are similar to ours. We are aware that there are academic groups and other companies that are attempting to develop technology that is based on the use of zinc finger and other DNA-binding proteins, and that these groups and companies have filed patent applications. Several patents have been issued, although we have no current plans to use the associated inventions. If these or other patents issue, it is possible that the holder of any patent or patents granted on these applications may bring an infringement action against our collaborators, strategic partners, or us claiming damages and seeking to enjoin commercial activities relating to the affected products and processes. The costs of litigating the claim could be substantial. Moreover, we cannot predict whether we, our collaborators, or strategic partners would prevail in any actions. In addition, if the relevant patent claims were upheld as valid and enforceable and our products or processes were found to infringe the patent or patents, we could be prevented from making, using, or selling the relevant product or process unless we could obtain a license or were able to design around the patent claims. We can give no assurance that such a license would be available on commercially reasonable terms, or at all, or that we would be able to successfully design around the relevant patent claims. There may be significant litigation in the genomics industry regarding patent and other intellectual property rights, which could subject us to litigation. If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources.

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We cannot guarantee that third parties will not challenge our intellectual property. One of our in-licensed foreign patents, licensed to Sangamo from Johns Hopkins University which forms the basis for five European Regional Phase patents, has been revoked as a result of an opposition by a third party. Our licensor, The Johns Hopkins University, appealed the revocation but in April 2007, the European Technical Board of Appeal released its decision dismissing the appeal. This outcome may limit our ability to exclude potential competitors in the field of targeted recombination and gene correction in Europe but does not affect our ability to practice our targeted recombination and gene correction programs in Europe. Moreover, we also hold licenses to six US patents to the technology covered by the opposed European patent, and hold licenses to related applications pending in Canada and Japan. As of January 25, 2008, US patent numbers US5,792,640 and US6,265,196, licensed to Sangamo from The Johns Hopkins University, were undergoing re-examination, and we do not know what the outcome of the process will be.

We rely on trade secrets to protect technology where we believe patent protection is not appropriate or obtainable. Trade secrets, however, are difficult to protect. While we require employees, academic collaborators, and consultants to enter into confidentiality agreements, we may not be able to adequately protect our trade secrets or other proprietary information or enforce these confidentiality agreements.

Our collaborators, strategic partners, and scientific advisors have rights to publish data and information in which we may have rights. If we cannot maintain the confidentiality of our technology and other confidential information in connection with our collaborations and strategic partnerships, then we may not be able to receive patent protection or protect our proprietary information.

Failure to attract, retain, and motivate skilled personnel and cultivate key academic collaborations will delay our product development programs and our research and development efforts.

We are a small company with 77 full-time employees as of October 21, 2008 and our success depends on our continued ability to attract, retain, and motivate highly qualified management and scientific personnel and our ability to develop and maintain important relationships with leading research and academic institutions and scientists. Competition for personnel and academic and other research collaborations is intense. The success of our technology development programs depends on our ability to attract and retain highly trained personnel. We have experienced a rate of employee turnover that we believe is typical of emerging biotechnology companies. If we lose the services of personnel with the necessary skills, it could significantly impede the achievement of our research and development objectives. We are not presently aware of any plans of specific employees to retire or otherwise leave the company. If we fail to negotiate additional acceptable collaborations with academic and other research institutions and scientists, or if our existing collaborations are unsuccessful, our ZFP Therapeutic development programs may be delayed or may not succeed.

If conflicts arise between us and our collaborators, strategic partners, scientific advisors, or directors, these parties may act in their self-interest, which may limit our ability to implement our strategies.

If conflicts arise between our corporate or academic collaborators, strategic partners, or scientific advisors or directors and us, the other party may act in its self-interest, which may limit our ability to implement our strategies. Some of our academic collaborators and strategic partners are conducting multiple product development efforts within each area that is the subject of the collaboration with us. Our collaborators or strategic partners, however, may develop, either alone or with others, products in related fields that are competitive with the products or potential products that are the subject of these collaborations. Competing products, either developed by the collaborators or strategic partners or to which the collaborators or strategic partners have rights, may result in the withdrawal of partner support for our product candidates.

Some of our collaborators or strategic partners could also become competitors in the future. Our collaborators or strategic partners could develop competing products, preclude us from entering into collaborations with their competitors, fail to obtain timely regulatory approvals, terminate their agreements with us prematurely, or fail to devote sufficient resources to the development and commercialization of products. Any of these developments could harm our product development efforts.

If we do not successfully commercialize ZFP-based research reagents under our license agreement with Sigma-Aldrich Corporation or ZFP-based agricultural products with Dow AgroSciences, or if Sigma or Dow AgroSciences terminates our agreements, our ability to generate revenue under these license agreements may be limited.

On July 10, 2007, we entered into a license agreement with Sigma to collaborate in the application and development of ZFP-based products for use in the laboratory research reagents markets, and on June 12, 2008, following a research period, Dow AgroSciences (DAS) exercised its commercial license option under a license agreement with Sangamo relating to plant agriculture. These agreements provide Sigma with access to Sangamo's ZFP technology and the exclusive right to use Sangamo's ZFP technology to develop and commercialize products for use as research reagents and to offer services in related research fields, and provide DAS with the exclusive right to develop agricultural products using our ZFP technology in plant cells, plants, or plant cell cultures. Both companies also have the right to sublicense our technology in their respective areas. In addition to upfront payments, Sangamo may

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also receive additional license fees, shared sublicensing revenues, royalty payments and milestone payments depending on the success of the development and commercialization of the licensed products and services covered under both agreements. The commercial milestones and royalties are based upon net sales of licensed products.

We cannot be certain that Sigma, DAS and Sangamo will succeed in the development of commercially viable products in these fields of use, and there is no guarantee that Sigma, DAS and Sangamo will achieve the milestones set forth in the respective license agreements. To the extent Sigma, DAS and Sangamo do not succeed in developing and commercializing products or if Sigma, DAS and Sangamo fail to achieve such milestones, our revenues and benefits under the license agreements will be limited. In addition, the respective license agreements may be terminated by Sigma and DAS at any time by providing us with a 90-day notice. In the event Sigma or DAS decides to terminate the license agreements, our ability to generate revenue under such license agreements will cease.

If we do not successfully commercialize certain ZFP Therapeutic programs relating to diabetic neuropathy under our agreement with JDRF, JDRF may have the right to continue to advance the program and we may lose control of the intellectual property generated in the collaboration and development of the product and may only receive a portion of the revenue generated if commercialization by JDRF is successful.

On October 24, 2006, we entered into a Research, Development and Commercialization Agreement with JDRF. Under the agreement and subject to its terms and conditions, including our achievement of certain milestones associated with our Phase 2 clinical trial of SB-509 (SB-509-601) for the treatment of diabetic neuropathy, JDRF has paid us a total of \$2.5 million through September 30, 2008. We are obligated to cover the costs of the Phase 2 trial that are not covered by JDRF's grant.

Under the agreement, we are obligated to use commercially reasonable efforts to carry out the Phase 2 trial and, thereafter, to develop and commercialize, a product containing SB-509 for the treatment of diabetes and complications of diabetes. If we fail to satisfy these obligations, JDRF may have the right, subject to certain limitations, to obtain an exclusive, sublicensable license, to the intellectual property generated by us in the course of the Phase 2 trial, to make and commercialize products containing SB-509 for the treatment of diabetes and complications of diabetes. If JDRF obtains such a license, it is obligated to pay us a percentage of its revenues from product sales and sublicensing arrangements. If JDRF fails to satisfy its obligations to develop and commercialize a product containing SB-509 under the Agreement, then their license rights will terminate and we will receive a non-exclusive, fully paid license, for any intellectual property developed during JDRF's use of the license, to research, develop and commercialize products containing SB-509 for the treatment of diabetes and complications of diabetes. There is no guarantee that we will be successful in commercializing a product containing SB-509 in the future. If we fail to do so under the agreement with JDRF, we may lose control of the intellectual property generated in the development of the product and may only receive a portion of the revenue generated if commercialization by JDRF is successful.

Regulatory approval, if granted, may be limited to specific uses or geographic areas, which could limit our ability to generate revenues.

Regulatory approval will be limited to the indicated use for which we can market a product. Further, once regulatory approval for a product is obtained, the product and its manufacturer are subject to continual review. Discovery of previously unknown problems with a product or manufacturer may result in restrictions on the product, manufacturer, and manufacturing facility, including withdrawal of the product from the market. In Japan and Europe, regulatory agencies also set or approve prices.

Even if regulatory clearance of a product is granted, this clearance is limited to those specific states and conditions for which the product is useful, as demonstrated through clinical trials. We cannot ensure that any ZFP Therapeutic product developed by us, alone or with others, will prove to be safe and effective in clinical trials and will meet all of the applicable regulatory requirements needed to receive marketing clearance in a given country.

Outside the United States, our ability to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities, so we cannot predict whether or when we would be permitted to commercialize our product. These foreign regulatory approval processes include all of the risks associated with FDA clearance described above.

Our collaborations with outside scientists may be subject to change, which could limit our access to their expertise.

We work with scientific advisors and collaborators at academic research institutions. These scientists are not our employees and may have other commitments that would limit their availability to us. Although our scientific advisors generally agree not to do competing work, if a conflict of interest between their work for us and their work for another entity arises, we may lose their services. Although our scientific advisors and academic collaborators sign agreements not to disclose our confidential information, it is possible that some of our valuable proprietary knowledge may become publicly known through them, which may cause competitive harm to our business.

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Laws or public sentiment may limit the production of genetically modified agricultural products in the future, and these laws could reduce our partner's ability to sell these products.

Genetically modified products are currently subject to public debate and heightened regulatory scrutiny, either of which could prevent or delay production of agricultural products. Effective as of October 1, 2005, we entered into a Research License and Commercial Option Agreement with DAS. On June 12, 2008, DAS exercised its option for a commercial license to our technology. Under this agreement, we will provide DAS with access to our proprietary ZFP technology and the exclusive right to use our ZFP technology to modify the genomes or alter the nucleic acid or protein expression of plant cells, plants, or plant cell cultures. The field-testing, production, and marketing of genetically modified plants and plant products are subject to federal, state, local, and foreign governmental regulation. Regulatory agencies administering existing or future regulations or legislation may not allow production and marketing of our genetically modified products in a timely manner or under technically or commercially feasible conditions. In addition, regulatory action or private litigation could result in expenses, delays, or other impediments to our product development programs or the commercialization of resulting products.

The FDA currently applies the same regulatory standards to foods developed through genetic engineering as those applied to foods developed through traditional plant breeding. Genetically engineered food products, however, will be subject to pre-market review if these products raise safety questions or are deemed to be food additives. Governmental authorities could also, for social or other purposes, limit the use of genetically modified products created with our gene regulation technology.

Even if we are able to obtain regulatory approval for genetically modified products, our success will also depend on public acceptance of the use of genetically modified products including drugs, plants, and plant products. Claims that genetically modified products are unsafe for consumption or pose a danger to the environment may influence public attitudes. Our genetically modified products may not gain public acceptance. The subject of genetically modified organisms has received negative publicity in the United States and particularly in Europe, and such publicity has aroused public debate. The adverse publicity in Europe could lead to greater regulation and trade restrictions on imports of genetically altered products. Similar adverse public reaction in the United States to genetic research and its resulting products could result in greater domestic regulation and could decrease the demand for our technology and products.

If we use biological and hazardous materials in a manner that causes injury or violates laws, we may be liable for damages.

Our research and development activities involve the controlled use of potentially harmful biological materials as well as hazardous materials, chemicals, and various radioactive compounds typically employed in molecular and cellular biology. We routinely use cells in culture and gene delivery vectors, and we employ small amounts of radioisotopes in trace experiments. Although we maintain up-to-date licensing and training programs, we cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling, or disposal of these materials. In the event of contamination or injury, we could be held liable for damages that result, and any liability could exceed our resources. We currently carry insurance covering claims arising from our use of these materials. However, if we are unable to maintain our insurance coverage at a reasonable cost and with adequate coverage, our insurance may not cover any liability that may arise. We are subject to federal, state, and local laws and regulations governing the use, storage, handling, and disposal of these materials and specified waste products. To date, we have not experienced significant costs in complying with regulations regarding the use of these materials.

Anti-takeover provisions in our certificate of incorporation and Delaware law could make an acquisition of the Company more difficult and could prevent attempts by our stockholders to remove or replace current management.

Anti-takeover provisions of Delaware law and in our certificate of incorporation and our bylaws may discourage, delay or prevent a change in control of our company, even if a change in control would be beneficial to our stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. In particular, under our certificate of incorporation our board of directors may issue up to 5,000,000 shares of preferred stock with rights and privileges that might be senior to our common stock, without the consent of the holders of the common stock. Moreover, without any further vote or action on the part of the stockholders, the board of directors would have the authority to determine the price, rights, preferences, privileges, and restrictions of the preferred stock. This preferred stock, if it is ever issued, may have preference over, and harm the rights of, the holders of common stock. Although the issuance of this preferred stock would provide us with flexibility in connection with possible acquisitions and other corporate purposes, this issuance may make it more difficult for a third party to acquire a majority of our outstanding voting stock. Similarly, our authorized but unissued common stock is available for future issuance without stockholder approval.

In addition, our bylaws:

- state that stockholders may not act by written consent but only at a stockholders' meeting;

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- establish advance notice requirements for nominations for election to the board of directors or proposing matters that can be acted upon at stockholders' meetings; and
- limit who may call a special meeting of stockholders.

We are also subject to Section 203 of the Delaware General Corporation Law, which provides, subject to certain exceptions, that if a person acquires 15% of our voting stock, the person is an "interested stockholder" and may not engage in "business combinations" with us for a period of three years from the time the person acquired 15% or more of our voting stock.

Insiders have control over Sangamo and could delay or prevent a change in corporate control.

The interest of management could conflict with the interest of our other stockholders. Our executive officers and directors beneficially own, in the aggregate, approximately 10% of our outstanding common stock as of October 21, 2008. As a result, these stockholders, if they choose to act together, may have a material impact on all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could have the effect of delaying or preventing a change of control of Sangamo, which in turn could reduce the market price of our stock.

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ITEM 6. EXHIBITS

(a) Exhibits:

10.1(+) Research and License Agreement dated as of July 8, 2008 between F. Hoffmann–La Roche Ltd and Hoffmann-La Roche Inc. and Sangamo BioSciences, Inc.

10.2(+) Letter Agreement dated July 2, 2008 between Sigma-Aldrich Corporation and Sangamo BioSciences, Inc.

31.1 Rule 13a — 14(a) Certification by President and Chief Executive Officer

31.2 Rule 13a — 14(a) Certification by Principal Financial and Accounting Officer

32.1 Certification Pursuant to 18 U.S.C. Section 1350.

(+) Confidential treatment has been requested for certain information contained in this document. Such information has been omitted and filed separately with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SANGAMO BIOSCIENCES, INC. Dated: November 4, 2008

/s/ H. Ward Wolff

H. Ward Wolff

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

NOTE: Portions of this Exhibit are the subject of a Confidential Treatment Request by the Registrant to the Securities and Exchange Commission (the "Commission"). Such portions have been redacted and are marked with a "[]" in the place of the redacted language. The redacted information has been filed separately with the Commission.**

RESEARCH AND LICENSE AGREEMENT

This Research and License Agreement ("Agreement") is made this 8th day of July, 2008 ("Effective Date") by and among F. Hoffmann-La Roche Ltd ("Roche Ltd"), a corporation with headquarters at Grenzacherstrasse 124, 4070 Basel, Switzerland, Hoffmann-La Roche Inc., a corporation having offices at 340 Kingsland Street, Nutley, New Jersey 07310 ("Roche US," and together with Roche Ltd, "Roche") and Sangamo BioSciences, Inc., a Delaware corporation with offices at 501 Canal Blvd., Suite A100, Richmond, CA 94804 U.S.A. ("Sangamo"). Each of Roche and Sangamo are herein referred to individually as a "Party" and collectively, as the "Parties".

WHEREAS, Sangamo has expertise in and owns or controls proprietary technology relating to zinc finger nucleases and their use to alter the genomes and/or protein expression capabilities of organisms and cells, including animals and animal cells;

WHEREAS, Roche is a leading, research-focused, global healthcare company in the fields of pharmaceuticals and diagnostics; with a proprietary transgenic mammalian platform for the generation of human antibodies, including, but not limited to [**]; and

WHEREAS, Roche and Sangamo desire to enter into a research program for the purpose of incorporating Sangamo's zinc finger nuclease technology into Roche's transgenic mammalian platform thereby generating [**];

WHEREAS, Roche further desires a license from Sangamo to use such [**] for research, clinical development and commercial purposes, and Sangamo is willing to provide such licenses under the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties mutually agree to the following terms:

1. **DEFINITIONS.**

1.1 "**Accounting Standards**" shall mean International Financial Reporting Standards.

1.2 "**Affiliate**" shall mean any corporation, company, firm, partnership or other entity which directly or indirectly controls, is controlled by, or is under common control with, either Party. For purposes of this definition, "control" shall mean ownership, directly or indirectly, of more than fifty percent (50%) of the share capital or shares of stock entitled to vote for the election of directors, in the case of a corporation, of more than fifty percent (50%) of the equity interests in the case of any other entity or the legal power to direct or cause the direction of the general management and policies of the entity in question. With respect to Roche the term "Affiliate" shall not include Genentech, Inc., 1 DNA

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Way, South San Francisco, California 94080-4990, U.S.A. (“Genentech”) nor Chugai Pharmaceutical Co., Ltd, 1-9, Kyobashi 2-chome, Chuo-ku, Tokyo, 104-8301, Japan (“Chugai”), respectively unless Roche opts for such inclusion of Genentech and/or Chugai by giving written notice to Sangamo and Genentech and/or Chugai agree(s) to the terms and conditions of this Agreement.

1.3 **“Collaboration Antibody”** means a polyclonal or monoclonal antibody obtained from the purification of blood serum drawn from the immunization of [***] by or on behalf of Roche or its Affiliates, licensees, or sublicensees, where such [***] were generated under the Research Collaboration or otherwise under this Agreement.

1.4 **“Commercial License”** shall have the meaning set forth in Section 3.2 of this Agreement.

1.5 **“Confidential Information”** shall have the meaning set forth in Section 7 of this Agreement.

1.6 **“Control”** or **“Controlled”** shall mean (a) with respect to the licensing of Know How and/or Patent Rights, the possession by a Party of the ability to grant a license or sublicense of such Know How and/or Patent Rights without violating the terms of any agreement or arrangement between such Party and any Third Party and (b) with respect to the transfer of tangible materials, the possession by a Party of the ability to supply such tangible materials to the other Party as provided herein without violating the terms of any agreement or arrangement between such Party and any Third Party.

1.7 **“Diagnostic Product(s)”** shall mean products that contain a Collaboration Antibody for the diagnosis or prognosis of any human disease. For purposes of this Agreement, two products that satisfy the foregoing definition of “Diagnostic Product” will be deemed to be different Diagnostic Products if they contain different Collaboration Antibodies.

1.8 **“Diagnostic Product Net Sales”** shall mean, with respect to worldwide sales or other dispositions of Diagnostic Product, the total gross amount invoiced by Roche, Roche’s Affiliates or Roche’s licensees or sublicensees to end users, distributors or agents [***] after deduction of the following, calculated in accordance with Accounting Standards: [***].

1.9 **“Diagnostic Product Sales Expenses”** shall mean [***].

1.10 **“Diagnostic Product Third Party Royalty Expenses”** shall mean royalties paid to third parties on Net Sales of Diagnostic Products by Roche, Roche’s Affiliates, licensees or sublicensees to obtain rights and licenses under Third Party Intellectual Property The deduction excludes any portion of the royalties paid to Third Parties which is allocatable to rights and licenses not related to, or necessary, for Roche, Roche’s Affiliates, licensees or sublicensees to make such Net Sales.

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1.11 **“Effective Date”** shall have the meaning set forth in the introduction to this Agreement.

1.12 **“Field of Use”** shall mean all human therapeutic and diagnostic applications.

1.13 **“First Commercial Sale”** shall mean for each Therapeutic Product or Diagnostic Product in any specific country in the world, the first sale to a Third Party of the Therapeutic Product or Diagnostic Product in such country by a Party, its Affiliate, or its licensee or sublicensee, after the granting by the relevant governing authorities of all Regulatory Approvals required for commercial sale of the Therapeutic Product or Diagnostic Product in such country.

1.14 **“First Research Event Payment”** shall mean the payment made at initiation of activities under the Work Plan, as set forth in Section 4.1.

1.15 “[***]” shall mean [***] generated by Roche from the use of Sangamo Material, where such [***] have genomic modifications at the [***] allele.

1.16 **“JHU Agreement”** shall mean that certain License Agreement between Sangamo and Johns Hopkins University, dated June 29, 1995, as amended.

1.17 **“Know How”** shall mean and include all inventions, discoveries, improvements, trade secrets and proprietary methods and materials (including the [***] plasmacytoma cell lines), whether or not patentable, including, but not limited to (a) samples of, methods of production or use of, and structural and functional information pertaining to, chemical compounds or other biological substances and (b) technical and scientific information (including any negative results) data, formulations, techniques and know-how.

1.18 **“Patent Rights”** shall mean the rights and interests in and to issued patents and pending patent applications in any country, including, without limitation, all provisional applications, substitutions, continuations, continuations-in-part, divisionals, and renewals, all letters patent granted thereon, if any, and all reissues, reexaminations and extensions thereof, and supplemental protection certificates, certificates of invention and utility models relating thereto.

1.19 **“Phase I Trial”** shall mean a human clinical trial in any country that satisfies the requirements of 21 CFR 312.21(a), as amended from time to time, and the foreign equivalent thereof.

1.20 **“Phase II Trial”** shall mean a human clinical trial in any country that satisfies the requirements of 21 CFR 312.21(b), as amended from time to time, and the foreign equivalent thereof.

1.21 **“Phase III Trial”** shall mean a human clinical trial in any country that satisfies the requirements of 21 CFR 312.21(c), as amended from time to time, and the foreign equivalent thereof.

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1.22 **“Phase I/II/III Initiation”** shall mean the dosing of the first patient in a Phase I Trial, Phase II Trial, or Phase III Trial (as applicable) involving a Therapeutic Product.

1.23 **“Project”** shall mean the generation of monoclonal antibodies using Sangamo Material or Sangamo Information directed to a specific antigen target by or on behalf of Roche and its Affiliates.

1.24 **“Regulatory Approval”** shall mean all approvals (including pricing and reimbursement approvals), and/or establishment licenses, registrations or authorizations of any regional, federal, state or local regulatory agency, department, bureau or other governmental entity, necessary for the manufacture, use, storage, import, export, transport or sale of a Therapeutic Product or Diagnostic Product in a regulatory jurisdiction.

1.25 **“Research Collaboration”** shall have the meaning set forth in Section 2.1.

1.26 **“Research License”** shall mean the license granted in Section 3.1 of this Agreement.

1.27 **“Research Term”** shall mean the term of the Research Collaboration as set forth in Section 2.2.

1.28 **“Roche Cell Lines”** shall mean all [***] cell lines (including hybridomas derived, in part, from [***] cells) that are generated by Roche using Sangamo Material and Sangamo Technology, and improvements such as sub-clones to [***] hybridoma cell lines generated by Roche during its performance under this Agreement.

1.29 **“Roche Assigned Improvements”** shall mean any data, discoveries and inventions that: (i) relate solely to the Sangamo Patents or Sangamo Information, and (ii) are improvements to the Sangamo Patents or Sangamo Information (other than the Roche Cell Lines or [***]), and (iii) that arise out of Roche’s use of the Sangamo Patents or Sangamo Information in connection with the generation of the Roche Cell Lines or the [***], and all intellectual property rights therein.

1.30 **“Roche Phase”** shall mean the Roche Phase as defined in Exhibit A.

1.31 **“Sangamo Information”** shall mean all information Controlled by Sangamo and provided to Roche under this Agreement.

1.32 **“Sangamo Material”** shall mean the [***].

1.33 **“Sangamo Patents”** shall mean all Patent Rights that are Controlled by Sangamo as of the Effective Date or during the Term of the Agreement and that cover (a) the Sangamo Materials, Sangamo Information, (b) the use of the Sangamo Materials or Sangamo Information to generate Roche Cell Lines or [***], or (c) the making or use of the Roche Cell Lines or [***]. As of the Effective Date, the Sangamo Patents include, without limitation, the Patent Rights list in Exhibit B.

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1.34 “**Sangamo Phase**” shall mean the Sangamo Phase as defined in Exhibit A.

1.35 “**Sangamo Technology**” shall mean: (i) Sangamo Patents, (ii) Sangamo Material, (iii) Roche Assigned Improvements and (iv) any non-patent intellectual property (other than any trademarks) included in the Sangamo Information.

1.36 “**Select Licensor Indemnitees**” means [***].

1.37 “**Sigma**” means Sigma-Aldrich Co.

1.38 “**Term**” shall have the meaning set forth in Section 6.1 of this Agreement.

1.39 “**Therapeutic Products**” shall mean pharmaceutical products that contain a Collaboration Antibody for the treatment of any human disease. For purposes of this Agreement, two pharmaceutical products that satisfy the foregoing definition of “Therapeutic Product” will be deemed to be different Therapeutic Products if they contain different Collaboration Antibodies.

1.40 “**Therapeutic Product Adjusted Gross Sales**” shall mean the gross invoice or contract price to Third Party customers for sales of Therapeutic Product by Roche, Roche’s Affiliates or Roche’s licensees or sublicensees, less the following deductions, calculated in accordance with Accounting Standards: [***].

1.41 “**Therapeutic Product Net Sales**” shall mean the amount calculated by subtracting from the amount of Therapeutic Product Adjusted Gross Sales a lump sum deduction of [***] percent ([***]%) of Therapeutic Product Adjusted Gross Sales in lieu of those sales related deductions that are not accounted for on a product-by-product basis (e.g. outward freights, postage charges, transportation insurance, packaging materials for dispatch of goods, custom duties, bad debt expense, and discounts granted later than at the time of invoicing).

In case the Therapeutic Product, in addition to the polyclonal or monoclonal antibody, contains other pharmaceutically active agent(s) (“Combination Product”), the Parties shall [***].

1.42 “**Third Party**” shall mean a person or entity other than (i) Roche or any of its Affiliates or (ii) Sangamo or any of its Affiliates.

1.43 “**Third Party Intellectual Property**” shall mean any intellectual property right belonging to a Third Party, including any Patent Rights and Know-How, that relates directly to or would be infringed by the use of the ZFP System.

1.44 “**Valid Claim**” shall mean (a) any claim of an issued and unexpired patent within the Sangamo Patents that has not been disclaimed, abandoned or dedicated to the public or held unenforceable, unpatentable or invalid by a decision of a court or governmental agency of competent jurisdiction, which decision is unappealable or unappealed within

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the time allowed for appeal or (b) any claim of a pending patent application within the Sangamo Patents that has not been abandoned or finally disallowed without the possibility of appeal and has not been pending for more than [***] years from the date on which such claim was first filed. Notwithstanding the foregoing, Valid Claim shall exclude any claim that is a Roche Assigned Improvement or is directed to an invention that is an improvement to the Roche Assigned Improvements.

1.45 “**Work Plan**” shall have the meaning set forth in Section 2.1.

1.46 “**ZFP System**” shall mean Sangamo’s proprietary rights to the generation and use of zinc finger proteins to engineer cells, cell lines, or whole organisms. These include certain DNA recognition, cleavage, and regulation proteins, including but not limited to zinc finger nucleases, and the genes encoding those proteins, and cells, cell lines, and organisms incorporating or altered with such proteins covered by issued patents, patent applications, and unpublished patent applications owned or controlled by Sigma or Sangamo and directed to zinc finger nucleases and targeted recombination technologies.

2. **RESEARCH PROGRAM.**

2.1 Research Collaboration. Sangamo and Roche shall conduct a research collaboration (the “**Research Collaboration**”) in accordance with the work plan set forth on Exhibit A, a copy of which is attached hereto and made a part hereof (the “**Work Plan**”). Exhibit A can only be modified upon written approval of both Parties. As set forth in detail on Exhibit A, Sangamo shall deliver to Roche Sangamo Material cutting specifically in the [***] gene along with periodic updates and a detailed research report including sequence data, expression vector and activity testing data generated by Sangamo. Roche shall use the Sangamo Material solely for the purpose of generating Roche Cell Lines and [***]. Each of Roche and Sangamo shall use commercially reasonable efforts to perform its Research Collaboration obligations, as set forth in the Work Plan.

2.2 Term of Research Collaboration. The term of the Research Collaboration shall be for [***] years (“**Research Term**”).

2.2.1 Joint Research Team. A Joint Research Team (“JRT”) shall govern the Sangamo Phase of the Research Collaboration and shall define the criteria for the validation and the optimization of the Sangamo Material to be delivered to Roche. The JRT shall consist of four (4) members, two (2) members to be designated by Roche and two (2) members to be designated by Sangamo. Each Party shall notify the other Party of the member(s) designated by such Party, in writing, within thirty (30) days after the Effective Date. The JRT shall function only during the Sangamo Phase of the Research Term. Any Party may withdraw the designation of any of its members of the JRT and designate a replacement at any time by giving prior written notice of the withdrawal and identifying the replacement to the other Party. The chairperson of the JRT shall be from Roche.

- A. Meetings. The JRT shall meet once per month on mutually agreeable dates during the Sangamo Phase of the Research Term. The meetings may be via telephone, teleconference or in person as mutually agreed. Notwithstanding the above, at least one meeting per quarter shall be in person, with the location of the in-person meetings to alternate between Roche and Sangamo.

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- B. **Decision-Making.** Decisions of the JRT shall be by consensus, with each Party having one collective vote. If the JRT is unable to decide a matter by consensus, the Parties shall refer such matter for resolution to the Chief Scientific Officer, or its representative, on behalf of Roche and the Vice President of Research, or its representative, on behalf of Sangamo (“Research Collaboration Executives”). If the Research Collaboration Executives are unable to resolve any such matter after good faith discussions, then the final decision shall rest with Roche. The JRT shall have no power (i) to amend this Agreement, (ii) to determine whether or not a Party has complied with the terms of this Agreement, or (iii) to determine whether or not a payment is owed by a Party under this Agreement.

3. **GRANT OF RIGHTS.**

3.1 **Research License.** Subject to the terms and conditions of this Agreement, Sangamo grants to Roche and its Affiliates during the Research Term (and if Roche exercises its Option, for the Term of this Agreement), a worldwide, non-exclusive license under Sangamo Technology to make, have made, use, import and export Sangamo Information and Sangamo Material solely for the purpose of generating Roche Cell Lines and [***] for research purposes. Such license shall include the right to sublicense, provided that Roche shall require each sublicense to be bound in writing by provisions that are as protective of Sangamo as the terms of Sections 6.5, 8.1, 8.2 and 9.5(a). Notwithstanding anything to the contrary herein, the foregoing research license does not include any rights under the Sangamo Technology to modify genomic DNA other than genomic DNA at the [***] locus, or any rights to use the Sangamo Technology to generate products for commercial sale or for use in humans.

3.2 **Option.** During the Research Term and for thirty (30) days thereafter, Roche shall have, at its sole discretion the right to obtain the Commercial License from Sangamo by providing written notice to Sangamo of its exercise of the Commercial License (the “**Option**”) and paying the amount set forth in Section 4.3 on or before thirty (30) days after the Research Term. Roche’s right to exercise the Option is expressly conditioned on Roche’s payment of the amounts set forth in Sections 4.1 and 4.2.

3.3 **Commercial License.** If Roche exercises its Option, then Sangamo hereby grants to Roche and its Affiliates a worldwide, royalty and fee bearing, exclusive license under the Sangamo Technology and Roche Assigned Improvements to research, generate, develop, use, make, have made, sell, offer for sale, import and export Therapeutic Products and Diagnostic Products in the Field of Use. Such license shall include the right to sublicense, provided that Roche shall require each sublicensee to be bound in writing by provisions that are as protective of Sangamo as the terms of Sections 5.6, 6.5, 8.1, 8.2, and 9.5(a) (in each case, as if such sublicensee were Roche). Notwithstanding the grant of

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sublicense hereunder, Roche shall remain fully responsible for performance of its obligations under this Agreement. Any sublicense granted by Roche under this Agreement shall be consistent with the terms and conditions of this Agreement. Within [***] following the execution of a sublicense agreement under which the applicable sublicensee receives a license to sell Therapeutic Products or Diagnostic Products, Roche shall provide Sangamo with a written notice of this sublicense grant, including the name of such sublicensee.

3.4 No Other Licenses. No right or license is granted hereunder by either Party or by any third party, except as expressly and specifically set forth herein.

3.5 Third Party Intellectual Property.

- A. The license granted to Roche hereunder includes sublicenses under Third Party Intellectual Property licensed to Sangamo under agreements with Third Parties (“Third Party Licenses”). The Third Party Licenses existing on the Effective Date are identified in Exhibit C. The Commercial License granted to Roche hereunder is subject to certain rights retained under the Third Party Licenses by the respective licensors, as set forth in Exhibit D.
- B. In the event that Roche desires to license from Third Parties any Third Party Intellectual Property, Roche shall so notify Sangamo in writing. No later than thirty (30) days following Sangamo’s receipt of such notification, Sangamo shall inform Roche in writing whether or not Sangamo intends to pursue a license under such Third Party Intellectual Property. During such thirty (30) day period, and thereafter if Sangamo informs Roche in writing that it intends to pursue a such a license, Roche hereby covenants that it shall not itself [***]. During any period that Sangamo is pursuing a license under this Section 3.5 B, Sangamo shall keep Roche reasonably informed of the status of any negotiations relating thereto.
- C. With respect to Third Party Intellectual Property licensed to Sangamo under Third Party Licenses (whether existing on the Effective Date or entered into after the Effective Date by Sangamo), Sangamo shall be solely responsible for any royalties or other payments due in relation to such Third Party Intellectual Property as a result of the grant of the licenses to Roche hereunder, the practice of such licenses by Roche, its Affiliates, licensees, and sub-licensees, and the sale of Therapeutic Products and Diagnostic Products hereunder. Roche shall be solely responsible for any royalties or other payments due in relation to any Third Party Intellectual Property obtained by Roche in accordance with Section 3.5 B or any other licenses from Third Parties that Roche determines, in its sole discretion, are required in order to lawfully conduct its activities under this Agreement or to make, use, sell, offer for sale, or import Therapeutic Products or Diagnostic Products; provided, however, that Roche shall be entitled to the credit set forth in Section 4.10, to the extent any such royalties or other payments by Roche satisfy the requirements set forth therein.

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3.6 No Prohibition on Sangamo. Except as explicitly provided in this Section 3.5, nothing in this Agreement shall prevent Sangamo or Sigma from making, using, offering for sale, selling, or importing ZFP System for research purposes (including for research purposes in the Field of Use), and to grant to Third Parties the right to do the same. Notwithstanding the foregoing, Sangamo shall not conduct research using or related to, make, use, sell, offer for sale, import or export the zinc-finger nuclease in the Sangamo Materials (or any derivative made from such zinc-finger nuclease) and shall not grant to Third Parties the right to conduct any research using or related to, make, use, sell, offer for sale, import or export such zinc-finger nuclease or any such derivative.

4. **FEES, EVENT PAYMENTS AND ROYALTIES**.

4.1 Research Fee. For the work performed under the Sangamo Phase of the Research Collaboration, Roche shall pay a total amount of \$[***], as follows:

- A. [***] dollars (\$[***]) at initiation of activities under the Work Plan (“**First Research Event Payment**”); and
- B. [***] dollars (\$[***]) at the end of the Sangamo Phase, upon receipt of the Sangamo Material by Roche that meets the optimization criteria defined in good faith by the JRT.

4.2 Research Maintenance Fee. In addition, after receipt of the Sangamo Material by Roche and during the Roche Phase of the Research Collaboration, Roche shall pay to Sangamo a quarterly research maintenance fee of \$[***], due after the end of each quarter.

4.3 Option License Fee. Upon Roche’s exercise of its Option, Roche shall pay Sangamo [***] dollars (\$[***]).

4.4 Therapeutic Product Event Payments for Commercial License. [***] Therapeutic Products, Roche or its Affiliates, licensees or sublicensees develops or commercializes, Roche shall pay Sangamo up to [***] dollars (\$[***]) per Therapeutic Product, as follows:

- [***]	\$[***]
- [***]	\$[***]
- [***]	\$[***]
- [***]	\$[***]

For a given Therapeutic Product, each payment above shall only be paid [***] the corresponding event is reached for such Therapeutic Product and irrespective of [***] such event may be subsequently reached for such Therapeutic Product.

In no case shall the total payments paid to Sangamo under this Section 4.4 for all Therapeutic Products exceed the aggregate amount of \$[***].

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4.5 Diagnostic Event Payments for Commercial License. For each Diagnostic Product, Roche or its Affiliates, licensees or sublicensees develops or commercializes, Roche shall pay Sangamo the following payment per Diagnostic Product:

- [***]: [***] \$[***]

For a given Diagnostic Product, the foregoing payment shall only be paid [***] the corresponding event is reached for such Diagnostic Product.

4.6 Invoicing and payment. Roche shall notify Sangamo within [***] after the occurrence of an event giving rise to a payment obligation under Sections 4.1 to 4.5, and Roche shall make the applicable payment no later than [***] after receipt of an invoice from Sangamo.

4.7 Royalties.

- A. Therapeutic Products. [***], Roche shall pay to Sangamo [***] based on aggregate worldwide calendar year Therapeutic Product Net Sales, [***], as follows:

<i>Portion of worldwide calendar year Therapeutic Product Net Sales (million \$)</i>	<i>Percent of Net Sales</i>
less than or equal to \$[***]	[***]%
more than \$[***] and less than or equal to \$[***]	[***]%
more than \$[***]	[***]%

- B. Diagnostic Products. [***], Roche shall pay to Sangamo [***] on aggregate worldwide Diagnostic Net Sales, [***].

4.8 Royalty Term. Roche's obligation to pay royalties for a given Therapeutic Product or Diagnostic Product to Sangamo under this agreement (i) shall commence, on a country-by-country basis, on the date of First Commercial Sale of such Therapeutic Product or Diagnostic Product in such country and (ii) shall continue, on a country-by-country basis, for the later of (a) [***] after First Commercial Sale in such country in which said Therapeutic Product or Diagnostic Product is sold or (b) expiration of the last Valid Claim in such country that would be infringed by the [***] sale or offering for sale, or importation of such Therapeutic Product or Diagnostic Product in such country (the "**Royalty Term**"). With regard to the calculation of the [***] period, [***].

4.9 Reduction of Royalties for Lack of Valid Claim. If in a given country, there is no Valid Claim of Sangamo Patent Rights that would be infringed by the making, use, sale or offering for sale, or importation of a particular Therapeutic Product or Diagnostic Product, then the royalties on the corresponding Therapeutic Product Net Sales or Diagnostic Product Net Sales in such country, as applicable, shall be reduced by [***]%.

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4.10 Reduction of Royalties for Third Party Intellectual Property. If (a) it is necessary for Roche to obtain a license under any Third Party Intellectual Property (other than Third Party Intellectual Property licensed to Roche hereunder) in order to develop, manufacture, or commercialize a Therapeutic Product or Diagnostic Product and (b) such Third Party Intellectual Property would, absent a license, be infringed, misappropriated, or otherwise violated by use of the Sangamo Technology to generate Roche Cell Lines and [***] or to use the ZFP System under the terms of this Agreement, then Roche shall be entitled to a credit, against the royalty payments due to Sangamo pursuant to Section 4.7, equal to [***] percent ([***]%) of any payments paid to such Third Party by Roche in consideration for such license; provided that such credit will be reduced [***]. Notwithstanding the foregoing, in no event shall the effective royalty rate due to Sangamo be reduced, as a result of the foregoing credit(s), To the extent any payments made by Roche in consideration for such Third Party Intellectual Property are [***]. For the avoidance of doubt, any disputes as to whether it is necessary for [***].

4.11 Royalty Buy-Out:

- A. Therapeutic Products. Notwithstanding the above, on a Therapeutic Product-by-Therapeutic Product basis, Roche may choose to buyout the total amount of royalties payable to Sangamo for a given Therapeutic Product by providing Sangamo, at the time of First Commercial Sale in the Territory of the applicable Therapeutic Product, with written notice of such choice and paying to Sangamo, in lieu of the royalties due, the following:
- a. a single one-time payment of \$[***], within [***], and
 - b. a single one-time payment of \$[***], within [***].
- B. Diagnostic Products. Notwithstanding the above, on a Diagnostic Product-by-Diagnostic Product basis, Roche may choose to [***].

5. PAYMENTS AND REPORTS.

5.1 Currency. All payments shall be in United States dollars and, unless otherwise agreed in writing, shall be made by wire transfer of immediately available funds to such account of Sangamo in such bank as Sangamo may from time to time designate in writing.

5.2 Currency Conversion. Royalties due on Net Sales of Therapeutic Products made in currency other than U.S. dollars shall be converted into U.S. dollars after first being converted into Swiss Francs, using the internal foreign currency translation rates and standard practices used by Roche in preparing its audited financial statements. The conversion from CHF into dollars shall be made in accordance with Roche's then current standard practices, consistently applied.

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5.3 Taxes. All royalty payments shall be free and clear of any taxes, duties, levies, fees or charges, except for withholding taxes. Such withholding taxes shall be deducted from all payments due hereunder. The Parties shall cooperate to take advantage of the benefit of any double taxation treaty(ies) that may be applicable.

5.4 Royalty Reports. During the Royalty Term, Roche will provide Sangamo with a calendar quarterly royalty statement, no later than sixty (60) days after the end of each calendar quarter, commencing with the calendar quarter in which the first First Commercial Sale (i.e. of the first Therapeutic Product or Diagnostic Product, as applicable) occurs. The royalty payment for such calendar quarter, calculated in accordance with Section 4.7, shall accompany such report.

5.5 Confidentiality of Reports. The information contained in each report provided to Sangamo shall be considered Confidential Information of Roche.

5.6 Audit of Sales.

- A. Roche shall keep, maintain and procure that each licensee and sub-licensee keeps and maintains at their respective principal place of business, [***], true and accurate accounts and records in sufficient detail to enable the amount of all sums payable under this Agreement to be determined; and
- B. During the Term, at the reasonable request of Sangamo and at the expense of Sangamo, from time to time Roche shall permit or procure permission for: (i) Roche's officially appointed worldwide independent public accountant (hereafter referred to as the "**Roche Auditor**"); or (ii) an independent accounting firm appointed by Sangamo from among the four largest accounting firms in the U.S.A. (hereafter referred to as the "**Sangamo Auditor**") to inspect those accounts and records for the time period and countries specifically requested by Sangamo (each such inspection an "**Audit**"). Notwithstanding the foregoing, Sangamo shall only be entitled to appoint the Sangamo Auditor following the completion of an Audit by a Roche Auditor where Roche and Sangamo are unable to reach agreement pursuant to Section 5.6 E. For the purposes of this Section 5.6, the Roche Auditor or the Sangamo Auditor may be referred to as the "Auditor". Subject to receiving not less than sixty (60) days prior written notice, Roche shall at the request of Sangamo assemble all relevant accounts and records in relation to such countries at the principal place of business of Roche, its licensees, and sub-licensees; and
- C. Upon at least sixty (60) days' prior written notice from Sangamo, Roche shall permit or procure permission for an Audit to be conducted by the Auditor in relation to such countries and such Therapeutic Product or Diagnostic Product as Sangamo may have specifically requested, during regular business hours in such a manner as to minimize any interference with Roche's, its licensee's, or sub-licensee's normal business activities. Such Audit shall be limited to results in the [***] prior to Audit notification. An Audit may not be performed more frequently than once per calendar year, and not more frequently than once with respect to the same set of records covering any specific period of time, except that the Sangamo Auditor shall always be entitled to repeat an Audit conducted previously by the Roche Auditor.

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- D. All information, data, documents and abstracts obtained by Sangamo and the Auditor in connection with an Audit shall be used by Sangamo and the Auditor only for the purpose of verifying payments made to Sangamo by Roche in connection with this Agreement, which shall be treated as Roche's, its licensee's, or sub-licensee's Confidential Information subject to the obligations of this Agreement and may not be retained for more than one (1) year after completion of an Audit; nor more than [***] from the end of the calendar year to which each shall pertain; nor more than [***] after the date of termination or expiration of this Agreement.
- E. The Auditor shall share all Audit results and findings, draft reports, if any, and the final report with the Parties. The Auditor shall disclose its factual findings and conclusions to the Parties in a written report, including any calculations, and explain the basis of such findings and conclusions without making any interpretation of contractual language. A copy of such report shall be provided to Roche at the same time it is sent or otherwise provided to Sangamo. Any Confidential Information of Roche disclosed in the Auditor's report will be subject to the obligations of confidentiality contained herein. The Parties will use their commercially reasonable efforts to agree in good faith on a shared interpretation of the relevant parts of the Auditor's findings or conclusions of this Agreement, compare their shared interpretation with Auditor's findings and conclusions, and determine whether there has been a Shortfall or Overpayment (as defined below in Section 5.6 F and 5.6 G respectively). If the Parties are unable to agree on the interpretation of the Roche Auditor's finding and conclusions, then Sangamo shall be entitled to appoint the Sangamo Auditor, as set forth in Section 5.6 B. If the Parties are unable to agree on the interpretation of the Sangamo Auditor's finding and conclusions, then such dispute shall be settled in accordance with Section 13.
- F. If, following any Audit, the Parties agree pursuant to Section 5.6 E that the payments in respect of the Audit period fall short of the sums which were properly payable in respect of such period under this Agreement (the "Shortfall"), Roche shall within [***] of the date of such agreement pay the Shortfall to Sangamo and, if the Shortfall exceeds [***] per cent ([***]%) of the total royalties due to Sangamo with respect to all such countries and for the full period covered by the Audit, Roche shall also reimburse to Sangamo the reasonable costs and expenses of Sangamo incurred in relation to the Audit.
- G. If, following any Audit, the Parties agree pursuant to Section 5.6 E that the payments in respect of the Audit period exceed the sums which were properly payable in respect of such period under this Agreement (the "Overpayment"), then Roche shall be entitled to credit such Overpayment against future payments due to Sangamo under this Agreement, or if no future payments are anticipated, Sangamo shall within [***] of the date of such agreement reimburse the Overpayment to Roche. For the avoidance of doubt, in such circumstance, Sangamo shall be fully responsible for any costs related to such Audit.

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H. The failure of Sangamo to request an Audit within the period during which corresponding records must be maintained pursuant to Section 5.6 A will be deemed to be acceptance by Sangamo of Roche's royalty reporting in respect of those records.

5.7 Late Payments. Any amount owed by Roche to Sangamo under this Agreement that is not paid within the applicable time period set forth herein shall accrue interest at the lower of [***] or (b) the highest rate permitted under applicable law.

6. **LICENSE TERM AND TERMINATION**.

6.1 Commercial License Term and Term of the Agreement. The term of the Commercial License granted herein shall commence upon the exercise of the Option and continue in force, unless earlier terminated in accordance with Section 6.2, 6.3, or 6.4, on a Therapeutic Product-by-Therapeutic Product and Diagnostic Product-by-Diagnostic Product basis, until the expiration of the Royalty Term in Section 4.8 in respect of the applicable Therapeutic Products and Diagnostic Products. For clarity, after expiration of the Royalty Term for a given Therapeutic Product or Diagnostic Product, the Commercial License shall be fully paid-up, perpetual and irrevocable in respect of such Therapeutic Product or Diagnostic Product. The Agreement shall expire (the "**Term**") upon expiration of all royalty obligations pursuant to Section 4.8 for the last to expire Therapeutic Product or Diagnostic Product.

6.2 Termination of Research Collaboration. [***], Roche shall have the right to terminate the Research Collaboration upon thirty (30) days prior written notice to Sangamo.

6.3 Termination without Cause. Without prejudice to any other rights of the Parties, this Agreement may be terminated in its entirety or in part by Roche upon thirty (30) days prior written notice to Sangamo, such notice to specify the particular country(ies) or Therapeutic Product(s) or Diagnostic Product(s) in respect of which the Agreement is to terminate. In the event of such termination, Roche shall have no further payment obligations to Sangamo in respect of such country(ies) or Therapeutic Product(s) or Diagnostic Product(s); however, nothing herein shall be construed to release the Parties from any obligation that matured prior to the effective date of such termination.

6.4 Termination with Cause. Upon a material breach of this Agreement by one Party, the other Party may give written notice of such breach to the breaching Party. If the breaching Party fails to cure such breach within sixty (60) days after such notice, then the other Party may terminate this Agreement with further thirty (30) days written notice.

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6.5 Consequences of Termination.

- A. In its entirety. Upon the early termination of this Agreement in its entirety for any reason prior to expiration of the Term (but not, for the avoidance of doubt, upon the termination of this Agreement in part pursuant to Section 6.3), Roche shall, and shall cause its Affiliates, licensees, and sub-licensees to, (1) return to Sangamo all unused Sangamo Material (in any form); and (2) return to Sangamo or destroy, at Roche's option, all reasonably available documents containing Confidential Information of Sangamo; (3) cease to use Sangamo Information and Sangamo Material for any purpose, [***]; and (4) cease the sale of all Therapeutic Products and Diagnostic Products.
- B. In part. Promptly following early termination of this Agreement before expiration of the Term, only in respect of the countries or Therapeutic Product(s) or Diagnostic Product(s) specified in the termination notice pursuant to Section 6.3, Roche shall, and shall cause its Affiliates, licensees, and sub-licensees to, (1) return to Sangamo all unused Sangamo Material (in any form); and (2) return to Sangamo or destroy, at Roche's option, all reasonably available documents containing Confidential Information of Sangamo; (3) cease to use Sangamo Information and Sangamo Material for any purpose, [***]; and (4) cease the sale of applicable Therapeutic Products and Diagnostic Products; however, (1), (2) (3), and (4) shall apply only to the extent that any or all of such (i) relates solely to the applicable country or for the applicable Therapeutic Product or Diagnostic Product and (ii) is not needed for any portion of a license or this Agreement that is not terminated.

7. CONFIDENTIALITY.

7.1 Confidential Information. "Confidential Information" means any and all information, data and/or Know-How that is disclosed by one Party (the "**Disclosing Party**") to the other Party (the "**Receiving Party**") pertaining to the activities under this Agreement, subject to Section 7.3. Each Party warrants that it has the full and unconditional right to disclose to the other Party the Confidential Information. For the avoidance of doubt, the Sangamo Information shall be deemed to be the Confidential Information of Sangamo. For the avoidance of doubt, all information related to the Roche Cell Lines, Therapeutic Product(s), Diagnostic Product(s) and [***] shall be deemed to be the Confidential Information of Roche.

7.2 Restrictions on Use of Confidential Information. For a period of ten (10) years from the Term of this Agreement or of the date of early termination of this Agreement in its entirety, as applicable, the Receiving Party agrees (except with the prior written consent of the Disclosing Party):

- (a) not to use such Confidential Information for any purpose other than in connection with the Agreement and its purpose;
- (b) to treat such Confidential Information as it would its own information of a like nature (but in any event use reasonable efforts to prevent any disclosure or use of such Confidential Information that would violate this Agreement); and

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(c) not to disclose such Confidential Information to any third party, other than its Affiliates, licensees and sub-licensees, employees, agents or consultants (collectively "Representatives") in accordance with Section 7.4.

7.3 Public Information. Confidential Information shall not include information that:

- (a) was known to the Receiving Party or its Affiliates, licensees and sub-licensees, prior to receipt hereunder as demonstrated by competent written records; or
- (b) is independently generated by the Receiving Party or its Affiliates, licensees and sub-licensees, solely by persons who have not had access to or knowledge of the Confidential Information disclosed hereunder, as demonstrated by competent written records; or
- (c) at the time of disclosure by the Disclosing Party to the Receiving Party, was generally available to the public, or after disclosure hereunder becomes generally available to the public through no fault attributable to the Receiving Party; or
- (d) is hereafter made available to the Receiving Party or its Affiliate, licensees and sub-licensees, on a non-confidential basis, for use or disclosure by the Receiving Party from any third party having a right to do so.

In addition, nothing in this Article 7 shall preclude the Receiving Party from making any disclosure of the Confidential Information of the Disclosing Party to the extent such disclosure is required by applicable law, regulation, or a judicial or governmental order, provided that the Receiving Party gives the Disclosing Party sufficient written notice to permit Disclosing Party to seek a protective order or other similar order with respect to such Confidential Information.

7.4 Disclosure. The Receiving Party may disclose the Confidential Information to Representatives that need to know such Confidential Information for the above-stated purpose and that are bound by obligations of confidentiality at least as restrictive as those in this Agreement. Receiving Party shall make all such Representatives aware of this Agreement and the obligations and restrictions imposed herein.

7.5 Publicity.

- A. Roche. Notwithstanding the above, Roche shall have the right to originate any publicity, publication, patent application, news release or other public announcement relating to this Agreement or the performance hereunder without the prior approval of Sangamo, except that Sangamo's prior approval shall be required solely to the extent such disclosure (i) specifically refers to Sangamo, Sigma, the Johns Hopkins University, or the Massachusetts Institute of Technology, or to the ZFP System or (ii) discloses the terms of this Agreement.

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- B. Sangamo. Notwithstanding the above, Sangamo shall not originate any publicity, publication, news release or other public announcement, written or oral, relating to this Agreement, including its terms, or the performance hereunder without the prior written approval of Roche (such approval not to be unreasonably withheld), except solely to the extent Sangamo reasonably believes same is otherwise required by applicable law or regulation. Upon approval by Roche, Sangamo may publish a news release regarding this Agreement without the disclosure of any financial terms or any other terms in detail.
- C. Each Party shall to the extent consistent with applicable laws and regulations limit the disclosure of the financial terms set forth in this Agreement (such as by requesting confidential treatment of such terms in documents to be filed with the United States Securities and Exchange Commission).

8. **OWNERSHIP OF INTELLECTUAL PROPERTY.**

8.1 Ownership Of Intellectual Property. All intellectual property developed in the course of the Term of this Agreement and during the course of performing activities under this Agreement (“**Research IP**”) shall be owned based on inventorship (as determined in accordance with United States patent laws), except as follows:

- (a) Roche shall own all Research IP related solely to the Roche Cell Lines, [***], Diagnostic Products, and Therapeutic Products (other than the Roche Assigned Improvements); and
- (b) Sangamo shall own (i) all Research IP related solely to the Sangamo Material and Sangamo Technology and the uses thereof (excluding Roche Cell Lines and [***]) and all (ii) Roche Assigned Improvements

Each Party shall execute and deliver all documents and instruments and do all acts that may be necessary or requested by each Party to perfect ownership of intellectual property in accordance with the foregoing terms. In addition, Roche shall grant to Sangamo a perpetual, worldwide, royalty-free, sublicenseable, non-exclusive license under Roche’s interest in any Research IP that is an improvement to the Sangamo Patents or Sangamo Information (other than the Roche Cell Lines or [***]).

8.2 Restrictions. Under no circumstances shall Roche use the Sangamo Information, Sangamo Materials, or any Confidential Information of Sangamo to support the filing of a patent application in any country in the world that contains claims directed to the ZFP System. For clarity, nothing shall prevent Roche from using such information to support the filing of a patent application in any country in the world that contains claims directed to a Roche Cell Line, an [***], a Therapeutic Product or a Diagnostic Product.

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9. **WARRANTIES AND DISCLAIMERS.**

9.1 **No Breach of Obligation.** The Parties represent and warrant that each has the authority to undertake the obligations set forth in this Agreement without breaching or violating any contractual or statutory obligation.

9.2 **Sangamo Representations and Warranties.** Sangamo represents and warrants to Roche that:

- (a) Sangamo has received all of the rights that it needs from Sigma to comply with all of the terms and obligations of this Agreement
- (b) as of the Effective Date, it is the owner of or exclusive licensee of the Sangamo Patents (except as provided in Section 3.5 and Exhibit D), free and clear of any liens, charges and encumbrances and no other corporate or private entity, or governmental entity, has any claim of ownership with respect to the Sangamo Patents, other than the licensors under the Third Party Licenses;
- (c) The license granted to Roche includes rights under all Patents Rights owned by or licensed to Sangamo that are necessary to allow Roche to generate Roche Cell Lines and [***] as contemplated by the Work Plan;
- (d) Sangamo shall use best efforts to maintain in force those agreements with Third Parties under which Sangamo in-licenses any of the Sangamo Technology as of the Effective Date;
- (e) to Sangamo's knowledge, as of the Effective Date the use of the Sangamo Technology as contemplated by the Work Plan does not infringe any intellectual property rights owned or possessed by any Third Party to which Sangamo does not have a license;
- (f) as of the Effective Date, there are no claims, judgments or settlements against or owed by Sangamo or pending or threatened claims or litigation relating to the Sangamo Technology, except as disclosed by Sangamo to Roche.

9.3 **Roche Representations and Warranties.** Roche represents and warrants that it will (and shall cause its Affiliates or sublicensees to) only use Sangamo Technology in accordance with the terms and conditions of this Agreement. Roche further represents and warrants that it shall not (and shall not cause or permit any Affiliate or sublicensee to) use Sangamo Material and Sangamo Technology for any purposes other than that defined in this Agreement.

9.4 **Disclaimer.** ROCHE AND SANGAMO BOTH DISCLAIM ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES, OR ARISING FROM A COURSE OR DEALING, USAGE OR TRADE PRACTICES, IN ALL CASES WITH RESPECT THERETO, EXCEPT AS EXPRESSLY STIPULATED UNDER SECTIONS 9.1, 9.2 AND 9.3. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, OR PUNITIVE DAMAGES ARISING IN CONNECTION WITH THIS AGREEMENT.

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9.5 Indemnification.

(a) Roche Indemnification. Roche shall indemnify, defend and hold harmless Sangamo, its Affiliates and their respective directors, officers, employees and agents and their respective successors, heirs and assigns (the "Sangamo Indemnitees") and, solely to the extent required under the JHU Agreement, the Select Licensor Indemnitees, against any liability, damage, loss or expense (including reasonable attorneys' fees and expenses of litigation) (collectively, "Losses") incurred by or imposed upon the Sangamo Indemnitees, or any one of them, in connection with any claims, suits, actions, demands or judgments of third parties, including without limitation personal injury and Therapeutic Product liability matters and claims of suppliers and Roche employees (except in cases where such claims, suits, actions, demands or judgments result from a material breach of this Agreement, negligence or willful misconduct on the part of Sangamo) arising out of (a) the breach or alleged breach of any representation, warranty or covenant of Roche under Sections 9.1 and 9.3 hereof, (b) the negligence or misconduct of Roche, its Affiliates or their respective employees or agents; or (c) the development, testing, production, manufacture, promotion, import, sale or use by any person of any Therapeutic Product or Diagnostic Product which is manufactured or sold by Roche or by an Affiliate, licensee, sublicensee, distributor or agent of Roche on behalf of Roche.

(b) Sangamo Indemnification. Sangamo shall indemnify, defend and hold harmless Roche, its Affiliates and their respective directors, officers, employees and agents and their respective successors, heirs and assigns (the "Roche Indemnitees"), against any Losses incurred by or imposed upon the Roche Indemnitees, or any one of them, in connection with any claims, suits, actions, demands or judgments of third parties, including without limitation personal injury and product liability matters and claims of suppliers and Sangamo employees (except in cases where such claims, suits, actions, demands or judgments result from a material breach of this Agreement, negligence or willful misconduct on the part of Roche) arising out of (a) the breach or alleged breach of any representation, warranty or covenant of Sangamo under Sections 9.1 and 9.2 hereof, or (b) the negligence or misconduct of Sangamo, its Affiliates or their respective employees or agents, or (c) the making, using, selling, offering for sale, importing, or exporting of Roche Assigned Improvements.

10. FORCE MAJEURE.

10.1 Force Majeure. If the performance of this Agreement or any obligation hereunder (except for the payment of money) is prevented, restricted or interfered with by reason of fire or other casualty or accident, strikes or labor disputes, inability to procure raw materials, power or supplies, war, acts of terrorism, invasion, civil commotion or other violence, compliance with any order of any governmental authorities or any other act or conditions whatsoever beyond reasonable control of either Party hereto, both Parties shall be excused from such performance to the extent of such prevention, restriction or

interference; provided, however, that the Party so affected shall use commercially reasonable efforts to avoid or remove such causes of non-performance and shall continue performance hereunder with the utmost dispatch whenever such causes are removed, to the extent commercially reasonable.

11. **ASSIGNMENT.**

11.1 Assignability. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either Party without the prior written consent of the other Party, except to an Affiliate of the assigning Party or to any other party who acquires all or substantially all of the relevant business of the assigning Party by merger, sale of assets or otherwise, so long as such Affiliate or other party agrees in writing to be bound by the terms of this Agreement.

12. **GOVERNING LAW.**

12.1 Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of New Jersey, without reference to its conflict of laws principles.

13. **ARBITRATION.**

13.1 Disputes. Unless otherwise set forth in this Agreement, in the event of any dispute in connection with this Agreement, such dispute shall be referred to the respective executive officers of the parties designated below or their designees, for good faith negotiations attempting to resolve the dispute. The designated executive officers are as follows:

For Sangamo: Vice President, Business Development

For Roche: Head of Pharma Partnering

13.2 Arbitration. Should the Parties fail to agree within two (2) months after such dispute has first arisen, it shall be finally settled by arbitration in accordance with the commercial arbitration rules of [***] as in force at the time when initiating the arbitration. The tribunal shall consist of [***]. The place of arbitration shall be [***]. The language shall be in English.

14. **NOTICES.**

14.1 Notices. Any notices or communications to either Party required under this Agreement shall be made in writing and delivered via certified mail, return receipt requested, courier, provided that evidence of delivery is made, or facsimile with confirmation of such transmission addressed to such Party at the following addresses or faxed to the appropriate numbers set forth below (with the copies to other parties set forth below) or to such other address as may be designated from time to time:

If to Sangamo:

If to Roche: F. Hoffmann-La Roche Ltd
Grenzacherstrasse 124
4070 Basel, Switzerland
Attn: Legal Department
Tel. No. +41-61-688-94-20
Fax No. +41-61-688-1396

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And to: Hoffmann-La Roche Inc.
340 Kingsland Street
Nutley, New Jersey 07110
Attn: Corporate Secretary
Fax: 973-235-3500

All notices and statements provided to a Party hereunder shall be deemed to have been given, as of the date received, or at the time of delivery of a facsimile to the relevant facsimile number above. Each Party hereto may change its address and contact information set forth above for the purpose of this Agreement by providing written notice to the other Party of the same from time to time.

15. **MISCELLANEOUS.**

15.1 **Severability.** If any provision of this Agreement is or becomes invalid or is ruled invalid by any court of competent jurisdiction or is deemed unenforceable, it is the intention of the Parties that the remainder of the Agreement shall not be affected. In such event, the Parties agree to negotiate and amend in good faith such provision in a manner consistent with the intentions of the Parties as expressed in the Agreement.

15.2 **Bankruptcy.** All licenses (and to the extent applicable rights) granted under or pursuant to this Agreement by Sangamo to Roche are, and shall otherwise be deemed to be, for purposes of Section 365(n) of Title 11, US Code (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined under the Bankruptcy Code. Unless Roche elects to terminate this Agreement, the Parties agree that Roche, as a licensee or sublicense of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, subject to the continued performance of its obligations under this Agreement.

15.3 **Construction.** The Parties agree that: (i) each Party reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision; (ii) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement; and (iii) the terms and provisions of this Agreement shall be construed fairly as to all Parties hereto and not in favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Agreement.

15.4 Amendment. This Agreement may be amended, modified, superseded or canceled, and any of the terms may be waived, only by a written instrument that expressly makes specific reference to this Agreement, which is duly executed by each Party or, in the case of waiver, by the Party or Parties waiving compliance.

15.5 Waiver. The delay or failure of any Party at any time or times to require performance of any provisions shall in no manner affect the rights at a later time to enforce the same. No waiver by any Party of any condition or of the breach of any term contained in this Agreement, whether by conduct, or otherwise, in any one or more instances, shall be deemed to be, or considered as, a further or continuing waiver of any such condition or of the breach of such term or any other term of this Agreement.

15.6 Assistance. Each Party agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including, without limitation, the filing of such additional assignments, agreements, documents and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

15.7 No Agency. For the purposes of this Agreement and all obligations to be performed hereunder, each Party shall be, and shall be deemed to be, an independent contractor and not an agent, partner, joint venturer or employee of the other Party. Neither Party shall have authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other Party, except as may be explicitly provided for herein or authorized in writing.

15.8 Survival. The rights and obligations of the Parties which are by their nature intended to survive expiration or termination of this Agreement, such as those obligations related to Confidential Information and provisions of Sections 4 (to the extent obligations exist at the time of expiration or termination), 5 (to the extent obligations exist at the time of expiration or termination), 5.6, 5.8, 6.5, 7, 8, 9.5, and 15.8 shall survive expiration or any termination of this Agreement.

15.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.10 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Parties concerning the subject matter thereof. It merges with and supersedes all previous agreements and understandings between the Parties.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have, through duly authorized representatives,
executed this Agreement, effective as of the date set forth above.

F. HOFFMANN-LA ROCHE LTD

SANGAMO BIOSCIENCES, INC.

/s/ Christophe Carissimo

Name: Christophe Carissimo
Title: Global Licensing Director

Date: June 2, 2008

/s/ Edward Lanphier

Name: Edward Lanphier
Title: President & CEO

Date: July 8, 2008

/s/ Stefan Arnold

Name: Stefan Arnold
Title: Stv. Direktor

Date: June 2, 2008

HOFFMANN-LA ROCHE INC.

/s/ Warwick S. Bedwell

Name: Warwick S. Bedwell
Title: Vice President, Global Head of Business Development

Date: July 7, 2008

EXHIBIT A

WORK PLAN

Work plan to generate a Zinc Finger Nuclease (ZFN) specifically cutting in the [*] gene locus**

The Research will consist of a Sangamo Phase and a Roche Phase.

The Sangamo phase shall last for approximately [***] months and, at Sangamo's election, may be performed at Sigma-Aldrich under contract with Sangamo. The Roche phase shall (i) be performed at Roche and (ii) start upon delivery by Sangamo of the Sangamo Material to Roche and (iii) shall end, unless earlier terminated, at the time Roche elects to take a Commercial License from Sangamo.

The goal of the Research is for Sangamo to deliver Roche with plasmid constructs encoding for at least one active ZFN pair demonstrated to have [***] activity in a suitable cell model system ("Sangamo Material") and there after for Roche to produce [***] having genomic modifications at the [***] allele ("[***]").

Scope of Research Work plan:

Sangamo Phase:

1. To design/assemble first round ZFN pairs to [***], and;
2. To biochemically characterize ZFNs, and;
3. To perform [***] validation in appropriate cell model [***]
4. To optimize leads (if necessary, depending upon biochemical results), and;
5. To deliver to Roche Sangamo Material and full data report pertaining to Sangamo Material, including sequence information, vector maps and activity data generated at Sangamo during the Sangamo Phase.

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<u>Timeline and Goals</u>	<u>From Effective Date</u>			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Design and assembly of ZFN pairs	X			
Characterization and optimization of ZFN	X	X		
Delivery of Sangamo Material and full data report			X	

Roche Phase:

6. To perform screening assays for identification of targeted events [***]
7. To knock out at least one allele of [***] in [***]; [***].
[***]

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EXHIBIT B**PATENTS AND PATENT APPLICATIONS****SANGAMO OWNED**

<u>Serial No.</u>	<u>Filing date</u>	<u>Title</u>	<u>Status</u>
AU 32291/95	Aug. 17, 1995	Improvements in binding proteins for recognition of DNA	AU Pat. No. 698152 (2/4/99)
AU 10037/99	Jan. 6, 1999	Improvements in binding proteins for recognition of DNA	AU Pat. No. 726759 (3/8/01)
CA 2,196,419	Aug. 17, 1995	Improvements in binding proteins for recognition of DNA	CA Pat. No. 2,196,419 (8/17/07)
EP 95928576.8	Aug. 17, 1995	Improvements in binding proteins for recognition of DNA	Pending
JP 507857/1996	Aug. 17, 1995	Improvements in binding proteins for recognition of DNA	Pending
US 09/139,762	Aug. 25, 1998	Binding proteins for recognition of DNA	US Pat. No. 6,013,453 (1/11/00)
US 10/033,129	Dec. 27, 2001	Relating to Binding proteins for recognition of DNA	US Pat. No. RE 39,229 (8/8/06)
US 10/309,578	Dec. 3, 2002	Design of binding proteins for recognition of DNA	Pending
US 10/397,930	Mar. 25, 2003	Relating to Binding proteins for recognition of DNA	Pending
US 10/400,017	Mar. 25, 2003	Relating to Binding proteins for recognition of DNA	Pending

<u>Serial No.</u>	<u>Filing date</u>	<u>Title</u>	<u>Status</u>
AU 2001 226935	Jan. 19, 2001	Nucleic Acid Binding Polypeptides (2-finger modules)	AU Pat. No. 2001 226935 (10/5/06)
CA 2,398,155	Jan. 19, 2001	Nucleic Acid Binding Polypeptides (2-finger modules)	Pending
EP 01 901 276.4	Jan. 19, 2001	Nucleic Acid Binding Polypeptides (2-finger modules)	EP Pat. No. 1 250 424 (2/28/07)
US 10/198,677	Jan. 19, 2001	Nucleic Acid Binding Polypeptides (2-finger modules)	Pending
US 10/222,614	Aug. 15, 2002	Cells comprising zinc finger nucleases	US Pat. No. 7,163,824 (1/16/07)
US 10/395,816	Mar. 20, 2003	Methods and compositions for using zinc finger endonucleases to enhance homologous recombination	Pending
AU 2003 218382	Mar. 20, 2003	Methods and compositions for using zinc finger endonucleases to enhance homologous recombination	Pending
CA 2,479,858	Mar. 20, 2003	Methods and compositions for using zinc finger endonucleases to enhance homologous recombination	Pending
EP 03 714 379.9	Mar. 20, 2003	Methods and compositions for using zinc finger endonucleases to enhance homologous recombination	Pending
US 10/912,932	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
US 11/304,981	Dec. 15, 2005	Targeted deletion of cellular DNA Sequences	Pending

<u>Serial No.</u>	<u>Filing date</u>	<u>Title</u>	<u>Status</u>
AU 2004 263865	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	AU Pat. No. 2004 263865 (8/30/07)
CA 2,534,296	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
EP 04 780 272.3	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
IL 173460	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
JP 2006-523239	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
KR 2006-7002703	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
SG 2006 00748-8	Aug. 6, 2004	Methods and compositions for targeted cleavage and recombination	Pending
AU 2005 220148	Feb. 3, 2005	Methods and compositions for targeted cleavage and recombination	Pending
CA 2,534,296	Feb. 3, 2005	Methods and compositions for targeted cleavage and recombination	Pending
EP 05 756 438.7	Feb. 3, 2005	Methods and compositions for targeted cleavage and recombination	Pending
US 10/587,723	Feb. 3, 2005	Methods and compositions for targeted cleavage and recombination	Pending
US 11/221,683	Sept. 8, 2005	Compositions and methods for protein production	Pending

<u>Serial No.</u>	<u>Filing date</u>	<u>Title</u>	<u>Status</u>
PCT US05/32157	Sept. 8, 2005	Compositions and methods for protein production	WO 06/033859 (3/30/06)
US 11/493,423	July 26, 2006	Targeted integration and expression of exogenous nucleic acid sequences	Pending
PCT US06/29027	July 26, 2006	Targeted integration and expression of exogenous nucleic acid sequences	Pending
US 60/808,486	May 25, 2006	Engineered cleavage half-domains	Provisional

IN-LICENSED

Caltech = in-licensed under the Caltech Agreement
JHU = in-licensed under the JHU Agreement
MIT = in-licensed under the MIT Agreement
Scripps = in-licensed under the Scripps Agreement
Utah = in-licensed under the Utah Agreement

<u>Serial No. (Third Party License)</u>	<u>Filing date</u>	<u>Title</u>	<u>Status</u>
US 07/862,831 (JHU)	Apr. 3, 1992	Functional domains in FokI restriction endonuclease	US Pat. No. 5,356,802 (10/18/94)
US 08/126,564 (JHU)	Sept. 27, 1993	Functional domains in FokI restriction endonuclease	US Pat. No. 5,436,150 (7/25/95)
US 08/346,293 (JHU)	Nov. 23, 1994	Insertion & Deletion Mutants of FokI restriction endonuclease	US Pat. No. 5,487,994 (1/30/96)
CA 2,154,581 (JHU)	Feb. 10, 1994	Functional domains in FokI restriction endonuclease	Pending
EP 94 909 526.9 (JHU)	Feb. 10, 1994	Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
CH (JHU)		Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
DE (JHU)		Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
FR (JHU)		Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
GB (JHU)		Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
IE (JHU)		Functional domains in FokI restriction endonuclease	Europ. Pat. No. 0 682 699 (5/7/03) Revoked
EP 03 010009.3 (JHU)	Feb. 10, 1994	Functional domains in FokI restriction endonuclease	Pending
JP 7-510290 (JHU)	Aug. 23, 1994	Functional domains in FokI restriction endonuclease	Pending

Serial No. (Third Party License)	Filing date	Title	Status
JP 2006-143294 (JHU)	Aug. 23, 1994	Functional domains in FokI restriction endonuclease	Pending
US 08/575,361 (JHU)	Dec. 20, 1995	General method to clone hybrid restriction endonucleases using <i>lig</i> gene	US Pat. No. 5,792,640 (8/11/98) Reexamination Requested
US 08/647,449 (JHU)	May 7, 1996	Methods for inactivating target DNA and for detecting conformational change in a nucleic acid	US Patent No. 5,916,794 (Jun. 29, 1999)
US 09/281,792 (JHU)	Mar. 31, 1999	Methods for inactivating target DNA and for detecting conformational change in a nucleic acid	US Patent No. 6,265,196 (Jul. 24, 2001) Reexamination Requested
US 08/676,318 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	U.S. Patent No. 6,242,568 (6/5/01)
US 08/863,813 (Scripps)	May 27, 1997	Zinc finger protein derivatives and methods therefor	U.S. Patent No. 6,140,466 (10/31/00)
US 09/500,700 (Scripps)	Feb. 9, 2000	Zinc finger protein derivatives and methods therefor	U.S. Patent No. 6,790,941 (9/14/04)
AU 16865/95 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	AU Patent No. 704601 (4/29/99)
CA 2,181,548 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Pending
EP 95 908 614.1 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Europ. Pat. No. 0 770 129 (11/23/05)
FR (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Europ. Pat. No. 0 770 129 (11/23/05)
GB (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Europ. Pat. No. 0 770 129 (11/23/05)
FI 962879 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Pending

Serial No. (Third Party License)	Filing date	Title	Status
JP 07-519231 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Pending
NO 1996 2991 (Scripps)	Jan. 18, 1995	Zinc finger protein derivatives and methods therefor	Pending
AU 2002 300619 (Scripps)	May 27, 1998	Zinc finger protein derivatives and methods therefor	Pending
CA 2,291,861 (Scripps)	May 27, 1998	Zinc finger protein derivatives and methods therefor	Pending
EP 98 926 088.0 (Scripps)	May 27, 1998	Zinc finger protein derivatives and methods therefor	Pending
JP 11-500870 (Scripps)	May 27, 1998	Zinc finger protein derivatives and methods therefor	Pending
US 09/260,629 (MIT)	Mar. 1, 1999	Poly-Zinc Finger Proteins with improved linkers	U.S. Pat. No. 6,479,626 (Nov. 12, 2002)
US 10/146,221 (MIT)	May 13, 2002	Poly-Zinc Finger Proteins with improved linkers	U.S. Pat. No. 6,903,185 (June 7, 2005)
US 11/110,594 (MIT)	April 20, 2005	Poly-Zinc Finger Proteins with improved linkers	US Patent No 7,153,949 (Dec. 26, 2006)
US 11/639,363 (MIT)	Dec. 14, 2006	Poly-Zinc Finger Proteins with improved linkers	Pending
AU 28849/99 (MIT)	Mar. 1, 1999	Poly-Zinc Finger Proteins with improved linkers	AU Pat. No. 746454 (August 15, 2002)
CA 2,321,938 (MIT)	Mar. 1, 1999	Poly-Zinc Finger Proteins with improved linkers	Pending
EP 99909701.7 (MIT)	Mar. 1, 1999	Poly-Zinc Finger Proteins with improved linkers	Pending
JP 2000-534663 (MIT)	Mar. 1, 1999	Poly-Zinc Finger Proteins with improved linkers	Pending
AU 2003 25128 (Utah)	Jan. 22, 2003	Targeted chromosomal mutagenesis using zinc finger nucleases	Pending

Serial No. (Third Party License)	Filing date	Title	Status
CA 2,474,486 (Utah)	Jan. 22, 2003	Targeted chromosomal mutagenesis using zinc finger nucleases	Pending
EP 03 746 527.5 (Utah)	Jan. 22, 2003	Targeted chromosomal mutagenesis using zinc finger nucleases	Allowed
US 10/502,565 (Utah)	Jan. 22, 2003	Targeted chromosomal mutagenesis using zinc finger nucleases	Pending
US 10/656,531 (Caltech)	Sept. 5, 2003	Use of chimeric nucleases to stimulate gene targeting	Pending
AU 2003 298574 (Caltech)	Sept. 5, 2003	Use of chimeric nucleases to stimulate gene targeting	Pending
CA 2,497,913 (Caltech)	Sept. 5, 2003	Use of chimeric nucleases to stimulate gene targeting	Pending
EP 03 796 324.6 (Caltech)	Sept. 5, 2003	Use of chimeric nucleases to stimulate gene targeting	Pending
JP 2005-501601 (Caltech)	Sept. 5, 2003	Use of chimeric nucleases to stimulate gene targeting	Pending

EXHIBIT C

EXISTING THIRD PARTY LICENSES

License Agreement between Sangamo and the Scripps Research Institute, dated March 14, 2000, as amended (“**Scripps Agreement**”).

Patent License Agreement between Sangamo and the Massachusetts Institute of Technology, dated May 9, 1996, as amended (“**MIT Agreement**”).

JHU Agreement.

License Agreement between Sangamo and the University of Utah Research Foundation, dated September 8, 2004, as amended (“**Utah Agreement**”).

License Agreement between Sangamo and the California Institute of Technology, dated November 1, 2003, as amended (“**Caltech Agreement**”).

Research and License Agreement between Sangamo and Sigma, dated July 10, 2007, as amended.

Letter Agreement between Sangamo and Sigma regarding “License & Research Agreement—Roche Custom Project,” dated July 2, 2008.

EXHIBIT D

CERTAIN TERMS OF THIRD PARTY LICENSES

1. **JHU Agreement.** The license granted to Sangamo under the JHU Agreement is subject to 35 U.S.C. §§ 200-211 and the regulations promulgated thereunder. Pursuant to the JHU Agreement, Johns Hopkins University (“**JHU**”) retains the non-transferable royalty-free right to practice the subject matter of any claim within the Patent Rights licensed thereunder for its own internal purposes. In addition, if Dr. Srinivasan Chandrasegaran leaves JHU, he shall have the non-transferable, royalty-free right to practice any claim within the Patent Rights licensed under the JHU Agreement for his own academic purposes.

2. **MIT Agreement.** The license granted to Sangamo under the MIT Agreement is subject to the royalty-free, nonexclusive license rights of the United States government per FAR 52.227-11. Pursuant to the MIT Agreement, the Massachusetts Institute of Technology (“**MIT**”) reserves the right to practice under the Patent Rights licensed thereunder and to allow third parties to practice under such Patent Rights in all fields of use for noncommercial research purposes. MIT has granted the Howard Hughes Medical Institute a paid-up, non-exclusive, irrevocable license to use the Patent Rights licensed under the MIT Agreement for its non-commercial purposes, but with no right to assign or sublicense.

3. **Caltech Agreement.** The license granted to Sangamo under the Caltech Agreement is subject to (a) a reservation by the California Institute of Technology (“**Caltech**”) of its right to use the Intellectual Property licensed thereunder for noncommercial educational and research purposes, but not for commercial sale or other commercial distribution to third parties and (b) any existing rights of the United States government under Title 35, United States Code, Section 200 et seq. and under 37 Code of Federal Regulations, Section 401 et seq.

4. **Utah Agreement.** The license granted to Sangamo under the Utah Agreement is subject to (a) a reservation by the University of Utah (“**Utah**”) of its right to practice the Patent Rights licensed thereunder for academic purposes and (b) a non-exclusive, irrevocable, royalty-free license heretofore granted to the United States government.

5. **Scripps Agreement.** The license granted to Sangamo under the Scripps Agreement is subject to (a) a reservation by the Scripps Research Institute (“**Scripps**”) of its right to use the Intellectual Property licensed thereunder for noncommercial research purposes and the right to allow other nonprofit institutions to use such Intellectual Property for non-commercial research purposes, without Scripps or such other institution being obligated to pay Sangamo any royalties or other compensation and (b) Scripps’ obligations and the rights of the United States government, if any, which arise or result from Scripps’ receipt of research support from the United States government.

NOTE: Portions of this Exhibit are the subject of a Confidential Treatment Request by the Registrant to the Securities and Exchange Commission (the "Commission"). Such portions have been redacted and are marked with a "[*]" in the place of the redacted language. The redacted information has been filed separately with the Commission.**



Sangamo BioSciences, Inc.
Point Richmond Tech Center II
501 Canal Blvd., Suite A100
Richmond, CA 94804
510-970-6000 • 510-236-8951(FAX)

July 2, 2008

David A. Smoller, Ph.D.
President
Biotechnology Business Unit
Sigma-Aldrich Co.
3050 Spruce Street,
St. Louis, MO 63103

Re: License Agreement—Roche Custom Project

Dear Dave:

In connection with the License Agreement dated July 10, 2007 (the "Agreement"), by and between Sangamo BioSciences, Inc. ("Sangamo") and Sigma-Aldrich Co. ("Sigma"), as amended, Sigma and Sangamo hereby agree as set forth below.

1. F. Hoffmann–La Roche Ltd and Hoffmann-La Roche Inc. (collectively, "Roche") desire that Sangamo generate zinc finger nucleases that can be used by Roche to generate [***] ("Services").
2. Under Sections 6.1(b) and (c) of the Agreement, Sigma (and not Sangamo) has the right to enter into the contractual relationship with Roche with respect to the portion of such Services involving the performance of a custom service project in the Field. Notwithstanding the foregoing, in light of the Roche's desire to obtain a commercial license from Sangamo and for the sake of expediency, Sigma and Sangamo agree that Sangamo (and not Sigma) will enter into an agreement with Roche to perform the Services (the "Roche Agreement"), subject to the terms of this letter. A copy of the Roche Agreement is attached to this letter as Exhibit A.
3. Notwithstanding the exclusive nature of any licenses granted to Sigma in the Agreement or any other terms of the Agreement, Sigma agrees and consents to the grant by Sangamo of the licenses to Roche that are specified in the Roche Agreement (including without limitation the licenses set forth in Sections 3.1 and 3.3 therein) and otherwise to perform Sangamo's obligations that are set forth in the Roche Agreement. Sigma further confirms that, as a result of such agreement and consent by Sigma, the grant of such licenses and performance of such obligations do not violate the terms of the Agreement.

***** CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION**

4. To the extent that Sangamo's grant of licenses to Roche in the Roche Agreement require rights under the Sigma IP Rights (as defined below) that are not expressly licensed to Sangamo under the Agreement, Sigma hereby grants such rights to Sangamo (with the right to sublicense to Roche) solely for the purpose of granting such licenses to Roche. For the purpose of this letter agreement, "Sigma IP Rights" means (a) all Patent Rights that are Controlled (as defined in the Roche Agreement) by Sigma as of the effective date of this letter agreement or thereafter and that cover (i) the Sangamo Materials (as defined in the Roche Agreement), Sangamo Information (as defined in the Roche Agreement), (ii) the use of the Sangamo Materials or Sangamo Information to generate Roche Cell Lines or [***], or (iii) the making or use of the Roche Cell Lines or [***] and (b) any non-patent intellectual property (other than any trademarks) Controlled (as defined in the Roche Agreement) by Sigma and included in the Sangamo Information.

5. Sigma and Sangamo agree:

(a) Sangamo shall pay to Sigma [***] of each of the following payments received by Sangamo from Roche under the Roche Agreement:

(i) [***]

(ii) [***]

(b) Payments by Sangamo under Section 5(a) of this letter agreement shall be made within [***] of Sangamo's receipt of the relevant payment from Roche. Sections 7.11-7.15 of the Agreement shall apply to all payments made under this letter agreement.

(c) The portion of the Roche payments described in Section 5(a) of this letter agreement that are retained by Sangamo [***] shall be deemed to fully satisfy Sigma's obligations under Section 7.7 of the Agreement.

(d) Solely for the purpose of Section 7.5 of the Agreement, the portion of the Roche payments described in Section 5(a) of this letter agreement that is retained by Sangamo [***] shall be deemed to be royalty payments received by Sangamo and shall be deemed to be in respect of sales occurring in the calendar quarter in which Sangamo received such payments from Roche. For clarity, such Roche payments described in Section 5(a) of this letter agreement shall not constitute Sublicensing Revenue for purposes of the Agreement.

(e) Sangamo shall use Diligent Efforts (as defined in the Agreement) to promptly bill and collect amounts due Sangamo pursuant to Sections 4.1 and 4.2 of the Roche Agreement.

(f) Any Custom Product Deliverables provided by Sangamo to Roche under the Roche Agreement shall count towards [***], as set forth in Section 6.2(b) of the Agreement. Sigma shall owe the payment(s) specified in Section 6.2(b) of the Agreement if the Custom Product Deliverables provided by Sangamo to Roche under the Roche Agreement causes Sangamo to [***].

***** CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION**

6. Sangamo and Sigma further agree:

(a) For the avoidance of doubt, all Research IP (as defined in the Roche Agreement) owned by Sangamo pursuant to Section 8.1(a) of the Roche Agreement and all Roche Assigned Improvements (as defined in the Roche Agreement) shall be deemed to be a “Sangamo Improvement” pursuant to the Agreement, and any resulting patent or patent application that claims such Roche Assigned Improvement shall be deemed to be a “Sangamo Patent” and included within “Sangamo Technology” pursuant to the Agreement.

(b) For the avoidance of doubt, the obligation of Sangamo to indemnify, defend and hold Sigma Indemnitees harmless pursuant to Section 12.1(d) of the Agreement includes obligations owed by Sangamo to Roche pursuant to the Roche Agreement. In addition, the obligation of Sangamo to indemnify, defend and hold Sigma Indemnitees harmless pursuant to the first sentence of Section 12.2(b) of the Agreement shall include the obligation of Sangamo to indemnify, defend and hold Sigma Indemnities harmless from and against any and all Damages to the extent resulting from Claims brought by a Third Party to the extent resulting from the manufacture, use, handling, storage, marketing, sale or other disposition of products or services employing Sigma Improvements or Sigma IP Rights by Roche or its sublicensees. Such obligation shall be subject to Section 12.3 of the Agreement and the remainder of Section 12.2(b) of the Agreement, and in any event such obligation under this paragraph shall not apply to the extent Claims or Damages result from activities in the Field by Roche or its sublicensees.

(c) Sangamo further agrees that, solely for the purposes of evaluating whether Sangamo is in breach of its obligations under the Agreement and determining Sangamo’s liability therefor, Sangamo’s obligation to perform the Services for Roche shall be deemed to be a “collaborative service reasonably necessary for the performance by Sigma of the Custom Projects,” as such phrase is used in Section 6.2 of the Agreement.

(d) Notwithstanding any provision of the Agreement to the contrary, Sangamo (and not Sigma) shall be responsible for paying all fees, milestones, royalties and other compensation owed to Third Parties pursuant to Third Party Licenses identified in Exhibit B of the Agreement on account of the grant to Roche of the licenses set forth in the Roche Agreement, or the (ii) the generation, development and/or commercialization of Diagnostic Products (as defined in the Roche Agreement) and Therapeutic Products (as defined in the Roche Agreement) by Roche.

(e) Sangamo will promptly provide to Sigma a copy of all notices received by Sangamo from Roche pursuant to the Roche Agreement with respect to Roche to the extent such obligations involve the performance of a custom service project in the Field for Roche.

7. As between Sangamo and Sigma, the following information is the Confidential Information of Sangamo under the Agreement (whether or not so marked) and may only be used by Sigma for the benefit of Roche: (a) the Roche Agreement, including the version attached to this letter agreement as Exhibit A and any earlier drafts provided by Sangamo to Sigma; (b) any notices provided by Sangamo to Sigma under Section 6(e) of this letter agreement; and (c) any other Confidential Information (as defined in the Roche Agreement) of Roche provided by Sangamo to Sigma in connection with the Roche Agreement).

8. Any press release or other public statement made by Sangamo referencing the Roche Agreement shall include reference to Sigma. All such releases and statements shall require the approval of Sigma, which approval shall not be unreasonably withheld or delayed.

9. No provisions of the Roche Agreement relating to or impacting upon Sigma shall be amended without the consent of Sigma, which consent shall not be unreasonably withheld or delayed.

10. The Agreement is hereby amended to the extent necessary to implement the terms of this letter.

Any capitalized term used in this letter that is not defined herein shall have the meaning given to such term in the Agreement.

Please confirm Sigma's acknowledgment and agreement by signing below.

Sincerely,

/s/ Edward Lanphier

Edward Lanphier
President and Chief Executive Officer

Acknowledged and Agreed:

Sigma-Aldrich Co.

By: /s/ David A. Smoller

David A. Smoller, Ph.D.
President, Biotechnology Business Unit

Exhibit A
Roche Agreement

5.

CERTIFICATION

I, Edward O. Lanphier II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sangamo BioSciences, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or the persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2008

/s/ Edward O. Lanphier II

Edward O. Lanphier II
President and Chief Executive Officer

CERTIFICATION

I, H. Ward Wolff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sangamo BioSciences, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or the persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2008

/s/ H. Ward Wolff

H. Ward Wolff

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**Certification Pursuant to 18 U.S.C. §1350, as Adopted
Pursuant to §906 of the Sarbanes-Oxley Act of 2002**

Each of the undersigned hereby certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 in his capacity as an officer of Sangamo BioSciences, Inc. (the "Company"), that:

- (1) the Quarterly Report of the Company on Form 10-Q for the quarterly period ended September 30, 2008, as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Edward O. Lanphier II

Edward O. Lanphier II
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 4, 2008

/s/ H. Ward Wolff

H. Ward Wolff
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 4, 2008