Table of Contents

# FORM 10-Q

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**(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, 2007**

**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 small business issuer as specified in its charter)

| **Delaware** | **68-0359556** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

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 26, 2007, 40,141,534 shares of the issuer's common stock, par value $0.01 per share, were outstanding.

**INDEX**

**SANGAMO BIOSCIENCES, INC.**



*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.

**PART 1. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**SANGAMO BIOSCIENCES, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share and per share amounts)**

| | September 30, 2007 (unaudited) | December 31, 2006 (1) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 16,894 | $ 12,702 |
| Marketable securities | 67,045 | 41,218 |
| Interest receivable | 217 | 55 |
| Accounts receivable | 20 | 487 |
| Prepaid expenses | 815 | 594 |
| Total current assets | 84,991 | 55,056 |
| Property and equipment, net | 1,304 | 675 |
| Other assets | 49 | 49 |
| Total assets | $ 86,344 | $ 55,780 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 1,830 | $ 1,726 |
| Accrued compensation and employee benefits | 902 | 878 |
| Deferred revenue | 5,313 | 2,596 |
| Total current liabilities | 8,045 | 5,200 |
| Deferred revenue, non current portion | 2,475 | 1,875 |
| Total liabilities | 10,520 | 7,075 |
| Stockholders' equity: | | |
| Common stock, $0.01 par value; 80,000,000 shares authorized, 39,963,425 and 35,045,398 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively | 399 | 350 |
| Additional paid-in capital | 218,266 | 176,513 |
| Accumulated deficit | (143,080) | (128,272) |
| Accumulated other comprehensive income | 239 | 114 |
| Total stockholders' equity | 75,824 | 48,705 |
| Total liabilities and stockholders' equity | $ 86,344 | $ 55,780 |

(1) *Amounts derived from Audited Consolidated Financial Statements dated December 31, 2006 filed as a part of our 2006 Annual Report on Form 10-K.*

*See accompanying notes.*

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| **Revenues:** | | | | |
| Collaboration agreements | $ 1,915 | $ 1,431 | $ 4,526 | $ 4,735 |
| Research grants | 410 | 348 | 1,805 | 957 |
| Total revenues | 2,325 | 1,779 | 6,331 | 5,692 |
| **Operating expenses:** | | | | |
| Research and development | 5,916 | 3,853 | 17,655 | 11,470 |
| General and administrative | 1,728 | 1,569 | 5,840 | 5,145 |
| Total operating expenses | 7,644 | 5,422 | 23,495 | 16,615 |
| Loss from operations | (5,319) | (3,643) | (17,164) | (10,923) |
| Interest and other income, net | 1,051 | 798 | 2,356 | 2,007 |
| Net loss | $ (4,268) | $ (2,845) | $(14,808) | $ (8,916) |
| Basic and diluted net loss per share | $ (0.11) | $ (0.08) | $ (0.41) | $ (0.28) |
| Weighted average number of shares used in computing basic and diluted net loss per share | 38,925 | 33,939 | 36,387 | 31,960 |

*See accompanying notes.*

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

| | Nine months ended September 30, | |
|---|---|---|
| | **2007** | **2006** |
| **Operating Activities:** | | |
| Net loss | $(14,808) | $ (8,916) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 187 | 126 |
| Amortization of discount on investments | (1,514) | (399) |
| Stock-based compensation | 1,640 | 1,519 |
| Changes in operating assets and liabilities: | | |
| Interest receivable | (162) | 108 |
| Accounts receivable | 467 | 698 |
| Prepaid expenses and other assets | (221) | (187) |
| Accounts payable and accrued liabilities | 104 | (378) |
| Accrued compensation and employee benefits | 24 | (98) |
| Deferred revenue | 3,317 | (3,329) |
| Net cash used in operating activities | (10,966) | (10,856) |
| **Investing Activities:** | | |
| Purchases of investments | (86,088) | (39,596) |
| Maturities of investments | 61,900 | 27,728 |
| Purchases of property and equipment | (816) | (137) |
| Net cash used in investing activities | (25,004) | (12,005) |
| **Financing Activities:** | | |
| Issuance of common stock in connection with license agreement | 8,550 | — |
| Proceeds from issuance of common stock | 31,612 | 20,471 |
| Net cash provided by financing activities | 40,162 | 20,471 |
| Net increase in cash and cash equivalents | 4,192 | (2,390) |
| Cash and cash equivalents, beginning of period | 12,702 | 18,507 |
| Cash and cash equivalents, end of period | $ 16,894 | $ 16,117 |

*See accompanying notes.*

**Non-Cash Transactions:**

| | | |
|---|---|---|
| Unrealized gains/(loss) on marketable securities | $ 125 | $ 47 |

**SANGAMO BIOSCIENCES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Unaudited)
September 30, 2007

## 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 nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. These financial statements should be read in conjunction with the financial statements and footnotes thereto for the year ended December 31, 2006, 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 U.S. 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.

### FOREIGN CURRENCY TRANSLATION

The Company records foreign currency transactions at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. All currency translation adjustments arising from foreign currency transactions are recorded through statements of operations.

### REVENUE RECOGNITION

In accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition," revenue from research activities made under strategic partnering agreements and enabling technology collaborations is recognized as the services are provided when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectibility is reasonably assured. Amounts received in advance under such agreements are deferred until the above criteria are met and the research services are performed. Sangamo's research grants are typically multi-year agreements and provide for the reimbursement of qualified expenses for research and development as defined under the terms of the grant agreement. Revenue under grant agreements is recognized when the related qualified research expenses are incurred. Grant reimbursements are received on a quarterly or monthly basis and are subject to the issuing agency's right of audit.

Milestone payments under research, partnering, or licensing agreements are recognized as revenue upon the achievement of mutually agreed upon milestones, provided that (i) the milestone event is substantive and its achievement is not reasonably assured at the inception of the agreement, and (ii) there are no remaining performance obligations associated with the milestone payment.

In accordance with Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables," revenue arrangements entered into after June 15, 2003, that include multiple deliverables, are divided into separate units of accounting if the deliverables meet certain criteria, including whether the fair value of the delivered items can be determined and whether there is evidence of fair value of the undelivered items. In addition, the consideration is allocated among the separate units of accounting based on their fair values, and the applicable revenue recognition criteria are considered separately for each of the separate units of accounting.

**RESEARCH AND DEVELOPMENT EXPENSES**

Research and development expenses consist of costs incurred for Company-sponsored as well as collaborative research and development activities. These costs include direct and research-related overhead expenses, which include salaries and other personnel-related expenses, stock-based compensation, pre-clinical and clinical studies, manufacturing costs, facility costs, laboratory supplies and depreciation of facilities and laboratory equipment, as well as the cost of funding research at universities and other research institutions, and 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.

**STOCK-BASED COMPENSATION**

On January 1, 2006, we began accounting for employee stock-based compensation in accordance with FAS 123R. Under the provisions of FAS 123R, employee stock-based compensation is estimated at the date of grant based on the employee stock award's fair value using the Black-Scholes option-pricing model and is recognized as expense ratably over the requisite service period in a manner similar to other forms of compensation paid to employees. The Black-Scholes option-pricing model requires the use of certain subjective assumptions. The most significant of these assumptions are our estimates of the expected volatility of the market price of our stock and the expected term of the award. We primarily base our determination of expected volatility through our assessment of the historical volatility of our Common Stock. We do not believe that we are able to rely on our historical exercise and post-vested termination activity to provide accurate data for estimating our expected term for use in determining the fair value of these options. Therefore, as allowed by Staff Accounting Bulletin (SAB) No. 107, Share-Based Payment, we have opted to use the simplified method for estimating our expected term equal to the midpoint between the vesting period and the contractual term. As required under the accounting rules, we review our valuation assumptions at each grant date and, as a result, our valuation assumptions used to value employee stock-based awards granted in future periods may change.

Employee stock-based compensation expenses recognized in the three-month and nine-month periods ended September 30, 2007 and 2006 were calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures. FAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table shows total stock-based employee compensation expense included in the condensed consolidated statement of operations for the three-month and nine-month periods ended September 30, 2007 and 2006 (in thousands):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Costs and expenses: | | | | |
| Research and development | $ 362 | $ 247 | $ 1,030 | $ 874 |
| General and administrative | 202 | 318 | 600 | 615 |
| Total stock-based compensation expense | $ 564 | $ 565 | $ 1,630 | $ 1,489 |

There was no capitalized stock-based employee compensation cost as of September 30, 2007 and 2006. There were no recognized tax benefits during the three-month and nine-month periods ended September 30, 2007 and 2006.

As of September 30, 2007, total compensation cost related to nonvested stock options to be recognized in future periods was $5.0 million, which is expected to be expensed over a weighted average period of 48 months.

**Valuation Assumptions**

The employee stock-based compensation expense recognized under FAS123R was determined using the Black-Scholes option valuation model. Option valuation models require the input of subjective assumptions and these assumptions can vary over time.

We primarily base our determination of expected volatility through our assessment of the historical volatility of our Common Stock.

The weighted–average assumptions used for estimating the fair value of the employee stock options are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Risk-free interest rate | 4.37% | 4.80% | 4.37-4.99% | 4.80-5.10% |
| Expected life of option | 6.25 years | 6.25 years | 6.25 years | 6.25 years |
| Expected dividend yield of stock | 0.0% | 0.0% | 0.0% | 0.0% |
| Expected volatility | .91 | .95 | .91-.93 | .91-.97 |

The weighted–average assumptions used for estimating the fair value of the employees' purchase rights are as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Risk-free interest rate | 4.42-5.01% | 5.10-5.20% | 3.64-5.10% | 4.80-5.20% |
| Expected life of option | 0.5-2 years | 0.5-2 yrs | 0.5-2 yrs | 0.5-2 yrs |
| Expected dividend yield of stock | 0.0 | 0.0 | 0.0 | 0.0 |
| Expected volatility | .50-.62 | .50-.98 | .46-.77 | .41-.98 |

**Stock Option Activity**

A summary of Sangamo's stock option activity follows:

| | | Options Outstanding | | |
|---|---|---|---|---|
| | Shares Available for Grant of Options | Number of Shares | Weighted-Average Exercise per Share Price | Weighted Average Remaining Contractual Term |
| Balance at January 1, 2007 | 3,625,021 | 4,147,812 | $ 5.64 | |
| Options granted | (406,250) | 406,250 | $ 7.23 | |
| Options exercised | — | (578,143) | $ 5.98 | |
| Options canceled | 218,785 | (218,785) | $ 6.02 | |
| Balance at September 30, 2007 | 3,437,556 | 3,757,134 | $ 5.78 | 6.14 |
| Options exercisable at September 30, 2007 | | 2,308,721 | $ 5.66 | 4.61 |

There were no shares subject to Sangamo's right of repurchase as of September 30, 2007. The intrinsic value of options exercised were $2,068,000 and $4,000 for the three months ended September 30, 2007 and 2006, respectively, and $2,531,000 and $1,063,000 for the nine months ended September 30, 2007 and 2006, respectively.

The weighted-average estimated fair value per share of options granted were $8.17 and $3.81 for the three-month ended September 30, 2007 and 2006, respectively, and $5.68 and $5.23 for the nine-month ended September 30, 2007 and 2006, respectively, based upon the assumptions in the Black-Scholes valuation model described above.

The weighted-average estimated fair value per share of employee purchase rights during the three months and nine months ended September 30, 2007 and 2006 were $2.51 and $1.11, respectively, and $2.36 and $1.66, respectively, based upon the assumptions in the Black-Scholes valuation model described above.

The following table summarizes information with respect to stock options outstanding at September 30, 2007:

| Range of Exercise Price | Options Outstanding: Number of Shares | Options Outstanding: Weighted Average Remaining Contractual Life (In Years) |
|---|---|---|
| $0.15 - $0.15 | 31,583 | 1.20 |
| $0.17 - $0.17 | 400,000 | 0.60 |
| $0.23 - $3.87 | 400,751 | 5.62 |
| $3.95 - $4.11 | 509,279 | 8.01 |
| $4.15 - $5.18 | 185,889 | 6.77 |
| $5.19 - $5.19 | 429,079 | 6.44 |
| $5.30 - $6.69 | 237,437 | 6.66 |
| $6.82 - $6.82 | 450,000 | 9.20 |
| $6.88 - $7.43 | 383,250 | 9.14 |
| $7.49 - $38.00 | 729,866 | 4.42 |
| | 3,757,134 | 6.14 |

At September 30, 2007, the aggregate intrinsic values of the outstanding and exercisable options were $31.8 million and $20.0 million, respectively.

Sangamo did not grant any stock option to consultants during the three months and nine months ended September 30, 2007. The Company granted 10,000 nonqualified stock options in July 2006. The options generally vest over four years at a rate of 25 percent one year from grant date and one-thirty-sixth per month thereafter and expire ten years after the grant date. The fair value of these options was determined using the Black-Scholes Merton model. Total nonqualified stock-based compensation expense was $2,000 and $4,000 for the three month periods ended September 30, 2007 and 2006, respectively, and $9,000 and $30,000 for the nine month periods ended September 30, 2007 and 2006, respectively.

**RECENT ACCOUNTING PRONOUNCEMENT**

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of FASB Statement No. 115," which will become effective in 2008. SFAS No. 159 permits entities to measure eligible financial assets, financial liabilities and firm commitments at fair value, on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other generally accepted accounting principles. The fair value measurement election is irrevocable and subsequent changes in fair value must be recorded in earnings. The Company is evaluating what impact, if any; the adoption of this standard will have on its financial position or results of operations.

In September 2006 the FASB issued FASB Statement No. 157, Fair Value Measurements, or SFAS 157. The standard provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. SFAS 157 must be adopted prospectively as of the beginning of the year it is initially applied. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is evaluating what impact, if any; the adoption of this standard will have on its financial position or results of operations.

**NOTE 2-BASIC AND DILUTED NET LOSS PER SHARE**

Net 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 2,089,721 shares and 2,185,930 shares for the nine months ended September 30, 2007 and 2006, respectively, related to outstanding options.

**NOTE 3-COMPREHENSIVE LOSS**

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| Net loss | $ (4,268) | $ (2,845) | $(14,808) | $ (8,916) |
| Changes in unrealized gain on securities available-for-sale | 110 | 76 | 125 | 47 |
| Comprehensive loss | $ (4,158) | $ (2,769) | $(14,683) | $ (8,869) |

## NOTE 4-MAJOR CUSTOMERS, PARTNERSHIPS AND STRATEGIC ALLIANCES

### Laboratory Research Reagents License Agreement

On July 10, 2007, Sangamo entered into a License Agreement with Sigma-Aldrich Corporation ("Sigma"). Under the License Agreement, Sangamo will provide Sigma with access to Sangamo's proprietary zinc finger DNA-binding protein ("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 the research field, excluding certain agricultural research uses that Sangamo previously licensed to Dow AgroSciences LLC.

The agreement provides for an initial three-year research term during which time Sangamo will work with Sigma to develop laboratory research reagents using Sangamo's ZFP technology. In addition, for three years Sangamo will assist Sigma's efforts to market and sell services employing Sangamo's ZFP technology in the research field. Sangamo 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, Sangamo will be responsible for supplying ZFPs for use by Sigma in performing services in the research field.

Pursuant to the License Agreement, Sigma has paid Sangamo $13.5 million, which was comprised of an equity investment by Sigma in 1.0 million shares of Sangamo's common stock valued at $8.55 million, a $3.95 million license fee and $1.0 million of research funding. Under the License Agreement, Sangamo 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 License 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 has the right to sublicense the ZFP technology for research reagent applications. Sangamo will receive 50% of any sublicensing revenues in the first two years and 25% of any sublicensing revenues thereafter.

Sangamo retains the sole right to use and license its ZFP technology for GMP production purposes, for the production of materials used in or administered to humans, and for any other industrial commercial use.

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 $275,000 during the three months ended September 30, 2007. Revenues attributable to collaborative research and development performed under the Sigma agreement were $208,000 during the three months ended September 30, 2007. Related costs and expenses incurred under the Sigma agreement were $208,000 during the three months ended September 30, 2007.

### Enabling Technology Collaborations for Pharmaceutical Protein Production

On April 27, 2007, Sangamo entered into a research and license agreement with the Genentech, Inc. to provide Genentech with access to Sangamo's proprietary zinc finger DNA-binding protein technology. Under the agreement, Sangamo will design and engineer ZFP nucleases for Genentech to evaluate and potentially use to generate cell lines with novel characteristics for protein pharmaceutical production purpose. Upon successful development of such ZFNs, Sangamo will transfer these ZFNs and the modified cell lines to Genentech and will provide technical support to Genentech with respect to the use of the transferred ZFN technology. In consideration for the rights and licenses granted to Genentech, as well as Sangamo's development efforts, Genentech has paid Sangamo an upfront fee and initial technology access fee. Genentech will also pay an ongoing annual technology access fee. Genentech has also agreed to make certain payments upon on 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 ZFN technology or any other technology covered by Sangamo's intellectual property rights. Revenues attributable to collaborative research and development performed under the Genentech agreement were $62,000 and $83,000 during the three months and nine months ended September 30, 2007, respectively. Related research and development costs and expenses performed under the Genentech agreement were $38,000 and $57,000 during the three months and nine months ended September 30, 2007 respectively.

On December 2004, we announced a research collaboration agreement with Pfizer Inc to use our ZFP technology to develop enhanced cell lines for protein pharmaceutical production. The scope of this agreement was expanded in December 2006 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 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 $25,000 and $156,000 during the three months ended September 30, 2007 and 2006, respectively. Revenues for the nine-month periods ended September 30, 2007 and 2006 were $75,000 and $463,000, respectively. Related research and development costs and expenses performed under the Pfizer agreement were $71,000 and $87,000 during the three months ended September 30, 2007 and 2006, respectively, and $318,000 and $242,000 during the nine months ended September 30, 2007 and 2006, respectively.

**Terminated Strategic Partnership with Edwards Lifesciences**

In December 2006, Sangamo entered into an Asset Purchase Agreement with Edwards Lifesciences LLC ("Edwards") to acquire all of the assets in Edwards' ZFP TF angiogenesis program, including regulatory filings, clinical data, and GMP product in exchange for one million shares of our unregistered common stock and certain royalties. This transaction was valued at $5.8 million based on the fair value of our publicly traded stock at the closing date of the transaction less a discount for lack of marketability in the unregistered common stock. Under the agreement, Sangamo agreed to pay Edwards royalties generated by the sales of certain human therapeutic products, including products to treat ischemic cardiovascular and vascular disease and diabetic neuropathy, based upon ZFP TF activation of the VEGF gene: the first product is not expected to be available for sale before 2012. The amount of royalties payable to Edwards is equal to (i) five percent (5%) of the net sales of each such product sold by Sangamo and (ii) the greater of (a) five percent (5%) of the net sales of each such product sold by a sublicensee of Sangamo or (b) twenty-five percent (25%) of the royalty payment received by Sangamo from its sublicensee on account of such product sold by such sublicensee; provided that total royalties paid by Sangamo under the agreement shall not exceed $20 million in any calendar year or $100 million in the aggregate. In connection with this transaction, the Company and Edwards terminated their prior agreements entered in January 2000.

**Plant Agriculture Agreement**

Sangamo scientists and collaborators have shown that ZFP TFs and ZFP nucleases ("ZFNs") can be used to regulate and modify genes in plants with similar efficacy to that shown in various mammalian cells and organisms. The ability to regulate gene expression with engineered ZFP TFs may lead to the creation of new plants that increase crop yields, lower production costs, are more resistant to herbicides, pesticides, and plant pathogens; and permit the development of branded agricultural products with unique nutritional and processing characteristics. In addition, ZFNs may be used to facilitate the efficient and reproducible generation of transgenic plants. Effective as of October 1, 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 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 will retain rights to use plants or plant-derived products to deliver ZFP TFs or ZFNs into human or animals for diagnostic, therapeutic, or prophylactic purposes.

Our agreement with DAS provides for an initial three-year research term during which time we will work together to validate and optimize the application of our ZFP technology to plants, plant cells and plant cell cultures. A joint committee having equal representation from both companies will oversee this research. During the initial three-year research term, DAS will have the option 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. This commercial license will be exclusive for all such products other than animal and human health products. In the event that DAS exercises this option, DAS may elect to extend the research program beyond the initial three-year term on a year-to-year basis.

Pursuant to the Research License and Commercial Option Agreement, DAS made an initial cash payment to us of $7.5 million and agreed to purchase up to $4.0 million of our common stock in the next financing transaction meeting certain criteria. 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 gross proceeds of $3.9 million. In addition, DAS will provide between $4.0 million and $6.0 million in research funding over the initial three-year research term and may make an additional payment of up to $4.0 million in research milestone payments to us during this same period, depending on the success of the research program. In the event that DAS elects to extend the research program beyond the initial three-year term, DAS will provide additional research funding. If DAS exercises its option to obtain a commercial license, we will be entitled to full payment of the $4.0 million in research milestones, a one-time exercise fee of $6.0 million, minimum annual payments of up to $25.25 million, 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.

We have agreed to supply DAS and its sublicensees with ZFP TFs and/or ZFNs for both research and commercial use. If DAS exercises its 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.

The Research License and Commercial Option Agreement will terminate automatically if DAS fails to exercise its option for a commercial license by the end of the initial three-year research term. DAS may also terminate the agreement at the end of the second year of the initial research term if the joint committee overseeing the research determines that disappointing research results have made it unlikely that DAS will exercise the option; we are guaranteed to receive $4.0 million in research funding from DAS prior to such a termination. Following DAS's exercise of the option and payment of the exercise fee, 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. Revenues related to the research license under the DAS agreement are being recognized ratably over the initial three-year research term of the agreement and were $625,000 during both the three months ended September 30, 2007 and 2006 and $1.9 million during both the nine months ended September 30, 2007 and 2006. Revenues attributable to collaborative research and development performed under the DAS agreement were $500,000 during both the three months ended September 30, 2007 and 2006 and $1.5 million and $1.9 million during the nine months ended September 30, 2007 and 2006, respectively. Revenues attributable to milestone payments were $220,000 and $510,000 during both the three and nine month periods ended September 30, 2007. Related costs and expenses incurred under the DAS agreement were $500,000 during both the three months ended September 30, 2007 and 2006 and $1.5 million and $1.9 million during the nine months ended September 30, 2007 and 2006, respectively.

**Funding from Research Foundations**

**The Michael J. Fox Foundation**

On January 23, 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. Revenues attributable to research and development performed under the MJFF partnership were $116,000 and $300,000 during the three months and nine months ended September 30, 2007, respectively. Related costs and expenses incurred under the MJFF partnership were $116,000 and $300,000 during the three month and nine month periods ended September 30, 2007, respectively.

**The Juvenile Diabetes Research Foundation International**

On October 26, 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 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.

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.

During the three months and nine months ended September 30, 2007, the Company received $500,000 and $1.5 million, respectively from JDRF upon the achievement of three milestones. Revenues attributable to research and development performed under the JDRF partnership were $295,000 and $1.1 million, respectively, during the three months and nine months ended September 30, 2007. Related costs and expenses incurred were $1.0 million and $3.0 million during the three months and nine months ended September 30, 2007, respectively.

**NOTE 5-STOCKHOLDERS' EQUITY**

On July 20, 2007, Sangamo completed a registered direct offering to a group of institutional investors, in which Sangamo sold an aggregate of 3,278,689 shares of common stock at a price of $9.15 per share to such investors, resulting in gross proceeds of approximately $30.0 million.

On July 10, 2007, Sangamo entered into a license agreement with Sigma. Under the agreement and a related stock purchase agreement, Sangamo sold to Sigma 1.0 million shares of Sangamo's common stock valued at $8.55 million.

On April 30, 2007, Sangamo has issued 61,195 shares under company's employee stock purchase program.

**NOTE 6-INCOME TAXES**

On January 1, 2007, the Company adopted the provisions of Financial Standards Accounting Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"). There was no impact on the Company's financial statements upon adoption. Because of the Company's historical significant net operating losses, it has not been subject to income tax since inception. There were no unrecognized tax benefits during all the periods presented.

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.

**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 consolidated 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, 2006 as filed with the SEC on March 1, 2007.

**Overview**

We were incorporated in June 1995. From our inception through September 30, 2007, 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, 2007, we had an accumulated deficit of $143.1 million.

Our revenues have consisted primarily of revenues from our corporate partners for ZFP transcription factors ("ZFP TFs") and zincfinger nucleases ("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.

Commencing in 2005, we have placed more internal emphasis on higher-value therapeutic product development and less emphasis on non therapeutic programs. 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 it increases our financial risk by increasing expenses associated with product development. We have filed an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) and have initiated two Phase 2 clinical trials of a ZFP Therapeutic in patients with diabetic neuropathy during the first nine months of 2007. Development of novel therapeutic products is costly and is subject to a lengthy and uncertain regulatory process by the FDA. Our future products are nucleic acid-based therapeutics. Adverse events in both our own clinical program and other programs in gene therapy and RNAi 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 related personnel expenses, including stock-based compensation, clinical trials and manufacturing cost, laboratory supplies, allocated facilities costs, subcontracted research expenses, trademark registration and technology licenses. Research and development costs incurred in connection with collaborator-funded activities 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 increase our focus on development of ZFP Therapeutics. We are also developing ZFNs for therapeutic gene correction and therapeutic gene modification as a treatment for certain monogenic and infectious diseases and cancer. Additionally, in order to develop ZFP TFs and ZFNs as commercially relevant 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 related personnel expenses for executive, finance and administrative personnel, stock-based compensation, 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.

**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. We believe the critical accounting policies described in our annual report on Form 10-K for the year ended December 31, 2007 have significant effect in the preparation of our consolidated financial statements.

**RESULTS OF OPERATIONS**

*Three and nine months ended September 30, 2007 and 2006*

***Revenues***

| | Three months ended September 30, (in thousands, except percentage values) | | | | Nine months ended September 30, (in thousands, except percentage values) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2007 | 2006 | Change | % | 2007 | 2006 | Change | % |
| Revenues: | | | | | | | | |
| Collaboration agreements | $ 1,915 | $ 1,431 | $ 484 | 34% | $ 4,526 | $ 4,735 | $ (209) | (4%) |
| Research grants | 410 | 348 | 62 | 18% | 1,805 | 957 | 848 | 89% |
| Total revenues | $ 2,325 | $ 1,779 | $ 546 | 31% | $ 6,331 | $ 5,692 | $ 639 | 11% |

Total revenues increased to $2.3 million for the three months ended September 30, 2007 from $1.8 million in the corresponding period in 2006. The increase in collaboration agreement revenues for the three months ended September 30, 2007 was principally due to revenues of $483,000 in connection with our License Agreement with Sigma, $220,000 from our collaboration with DAS and $62,000 with Genentech, offset by decreased collaboration-related revenues of approximately $150,000 and $131,000 from Johnson and Johnson and Pfizer, respectively. The increase in research grant revenues for the three months ended September 30, 2007 was principally due to revenues of $295,000 in connection with our JDRF grant and $116,000 related to the MJFF grant, offset by decreased revenues of approximately $286,000 and $63,000 from Advanced Technology Program “ATP” and other research grants, respectively. Total revenues increased to $6.3 million for the nine months ended September 30, 2007 from $5.7 million in the corresponding period in 2006. The decrease in collaboration agreement revenues for the nine months ended September 30, 2007 was principally due to revenues of $450,000 and $388,000 in connection with our Johnson & Johnson and Pfizer collaboration agreements, respectively, offset by increased collaboration-related revenues of approximately $483,000 and $83,000 from Sigma and Genentech, respectively. The increase of research grant revenues for the nine months ended September 30, 2007 was principally due to increased revenues of $1.1 million and $300,000 in connection with our JDRF grant and MJFF grant, respectively, offset by decreased revenues

of approximately $427,000 and $149,000 from ATP and other research grants, respectively. We anticipate continued revenues from collaboration agreements through the end of 2010, 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 you that these efforts will be successful in the future.

***Operating Expenses***

| | Three months ended September 30, (in thousands, except percentage values) | | | | Nine months ended September 30, (in thousands, except percentage values) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2007 | 2006 | Change | % | 2007 | 2006 | Change | % |
| Operating Expenses: | | | | | | | | |
| Research and development | $ 5,916 | $ 3,853 | $ 2,063 | 54% | $ 17,655 | $ 11,470 | $ 6,185 | 54% |
| General and administrative | 1,728 | 1,569 | 159 | 10% | 5,840 | 5,145 | 695 | 14% |
| Total expenses | $ 7,644 | $ 5,422 | $ 2,222 | 41% | $ 23,495 | $ 16,615 | $ 6,880 | 41% |

**Research and development**

Research and development expenses have consisted primarily of salaries and related personnel expenses including stock-based compensation as well as clinical trials and manufacturing cost, laboratory supplies, allocated facilities costs, subcontracted research expenses, 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 and through 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 for the third quarter of 2007 increased to $5.9 million compared to $3.9 million for the third quarter of 2006. The increase in research and development expenses for the three months ended September 30, 2007 was primarily attributable to increased external development expenses of $1.3 million, associated with clinical trials and manufacturing costs related to our diabetic neuropathy program, increased personnel and facility-related expenses of $261,000 and $136,000, respectively, primarily due to increased headcount, stock-based compensation of $114,000 and licensing expenses of $125,000. Research and development expenses for the nine-months ended September 30, 2007 increased to $17.7 million compared to $11.5 million for the corresponding period of 2006. The increase in research and development expenses for the nine months ended September 30, 2007 was primarily attributable to increased external development expenses of $3.8 million, primarily associated with clinical trials and manufacturing cost related to our diabetic neuropathy program, increased personnel and laboratory supply expenses of $1.1 million and $546,000, respectively, due to increased headcount, increased facility-related expenses of $326,000 and increased licensing expenses of $221,000.

**General and administrative**

General and administrative expenses consist primarily of salaries and related personnel expenses for executive, finance and administrative personnel, stock-based compensation, professional fees, patent prosecution expenses, allocated facilities costs, other general corporate expenses and stock-based compensation. 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 $1.7 million for the three months ended September 30, 2007, as compared to $1.6 million during the corresponding period of 2006. This increase is primarily related to increased professional service-related expenses of $209,000. General and administrative expenses were $5.8 million for the nine months ended September 30, 2007, as compared to $5.1 million during the corresponding period of 2006. This increase is primarily related to increased expenses related to professional services and salary and benefit of $639,000 and $37,000, respectively.

**Interest income, net**

| | Three months ended September 30, (in thousands, except percentage values) | | | | Nine months ended September 30, (in thousands, except percentage values) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2007 | 2006 | Change | % | 2007 | 2006 | Change | % |
| Interest and other income, net | $ 1,051 | $ 798 | $ 253 | 32% | $ 2,356 | $ 2,007 | $ 349 | 17% |

Interest and other income, net, increased to $1.1 million for the three months ended September 30, 2007 from $798,000 in the corresponding period in 2006. The increase was primarily related to an increase in interest income of $249,000 related to higher average investment balances during the three months ended September 30, 2007. Interest and other income, net, increased to $2.4 million for the nine months ended September 30, 2007 from $2.0 million in the corresponding period of 2006. The increase was primarily related to an increase in interest income of $466,000 related to higher average investment balances during the nine months

ended September 30, 2007. This increase was partially offset by a decrease foreign currency translation gain of $109,000 during the nine months ended September 30, 2007.

**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, 2007, we had cash, cash equivalents, investments and interest receivable totaling $84.2 million. On July 10, 2007, we entered into a license agreement with Sigma under which Sigma has paid us $13.5 million, which was comprised of an equity investment by Sigma in our common stock valued at $8.55 million, a $3.95 million license fee and $1.0 million of research funding. On July 20, 2007, we completed a registered direct offering to a group of institutional investors, in which we sold an aggregate of 3,278,689 shares of common stock at a price of $9.15 per share to such investors pursuant to an effective registration statement filed on April 27, 2007, resulting in net proceeds of approximately $28.0 million.

Net cash used for operating activities was $11.0 million for the nine months ended September 30, 2007. Net cash used consisted of the net loss for the nine-month period of $14.8 million, amortization of discount on investment of $1.5 million. This was partially offset by a net change of $3.5 million in operating assets and liabilities, stock-based compensation charges of $1.6 million and depreciation and amortization of $187,000. Net cash used for operating activities was $10.8 million for the nine months ended September 30, 2006. Net cash used consisted primarily of the net loss for the nine-month period of $8.9 million, a net change of $3.2 million in operating assets and liabilities and amortization of discount on investments of $399,000. This was partially offset by stock-based compensation charges of $1.5 million and depreciation and amortization of $126,000.

Net cash used by investing activities was $25.0 million for the nine months ended September 30, 2007 and was primarily comprised of purchases of investments and property and equipment of $86.2 million and $816,000, respectively, partially offset by cash proceeds associated with maturities of investments of $61.9 million. Net cash used in investing activities was $12.0 million for the nine months ended September 30, 2006 and was primarily comprised of cash used to purchase investments and property and equipment of $39.6 million and $137,000, respectively, partially offset by cash proceeds associated with maturities of investments of $27.7 million.

Net cash provided by financing activities for the nine-month period ended September 30, 2007 was $40.1 million. Proceeds 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, issuance of common stock in connection with license agreement of $8.6 million and stock option exercises of $3.6 million, respectively. Net cash provided by financing activities for the nine month period ended September 30, 2006 was $20.5 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 price of $6.75 per share, resulting in net proceeds of approximately $20.15 million after deducting underwriter's discount. All other cash provided by financing activities for the first nine months of 2006 was related to proceeds from the issuance of common stock related to stock option exercises.

While we expect our rate of cash usage to increase in the future, in particular, in support of 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 in 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.

Our market risks at September 30, 2007 have not changed materially from those discussed in Item 7A of our Form 10-K for the year ended December 31, 2006 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) or 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. RISKS 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.

*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 are increasing the emphasis and focus of our internal research and development activities on ZFP Therapeutics and have fewer resources invested in non therapeutic 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 our collaborators and strategic partners.* Our proprietary research programs consist of research which is funded largely by the Company and where the Company retains exclusive rights to therapeutic products generated by the research. This is in contrast to certain of our non therapeutic programs that may be funded by corporate partners and in which we may share in the value of any resulting products. We have conducted proprietary research since our 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 2008 as we prosecute our ongoing 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. 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.

In addition, disagreements with our collaborators or strategic partners could develop 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 collaboration 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.

*We have initiated two Phase 2 clinical trials in our lead ZFP Therapeutic program, and ZFP Therapeutics have undergone limited testing in humans. We have completed enrollment and treatment of the patients in a Phase 1 clinical trial 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 initial 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, dose-escalation trial to measure the laboratory and clinical safety of SB-509 and initiated a Phase 2 clinical trial for this indication. In addition, Phase 1 clinical trials of an identical ZFP TF has 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 the initial safety study of our lead therapeutic was halted due to safety concerns or for other reasons, this would negatively affect the value of our stock.

*The results of our Phase 1 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. For example, the initial results from the Phase 1 clinical trial of our ZFP Therapeutic, SB-509, became available in the first half of 2006 and additional data were presented in June 2007. The primary end point of the trial was clinical and laboratory safety, however we collected some preliminary efficacy data that showed early evidence of clinical improvement in some subjects. Typically, our Phase 1 clinical trials for indications of safety enroll less than 50 patients. We

have designed our initial Phase 2 clinical trial for safety and efficacy to enroll approximately 100 patients. Actual results with more data points may not confirm the 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. In addition, we do not yet know if early results will be reproducible. If a larger population of patients does not experience positive results, or if 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 begun two Phase 2 clinical trials, 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 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 the development of a ZFP Therapeutics. 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 will 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.

Clinical trials are lengthy and are typically conducted in three sequential phases, but the phases may overlap or be combined. Each trial must be reviewed and approved by an independent ethics committee or institutional review board before it can begin. Phase 1

usually involves the initial introduction of the investigational drug into healthy volunteers or patients to evaluate certain factors, including its safety, dosage tolerance and, if possible, to gain an early indication of its effectiveness. Phase 2 usually involves trials in a limited patient population to evaluate dosage tolerance and appropriate dosage, identify possible adverse effects and safety risks, and evaluate preliminarily the efficacy of the drug for specific indications. Phase 3 trials usually further evaluate clinical efficacy and test further for safety by using the drug in its final form in an expanded patient population. Later clinical trials may fail to support the findings of earlier trials, which would delay, limit or prevent regulatory approvals.

While we have stated our intention to file additional IND applications and conduct additional clinical trial 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.

*We cannot predict whether or when we will obtain regulatory approval to commercialize our product candidates, therefore 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 you 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 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.

*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.

*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 ZFP TFs for thousands of gene sequences, we have not created ZFP TFs for all gene sequences and may not be able 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 human, animal, and other genes in disease and 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 are currently engaged in the research and development of a new application of our technology platform: ZFP-mediated gene modification using ZFNs to effect gene disruption, gene correction or gene addition. Using this technique, Sangamo scientists have engineered ZFNs to cut DNA at a specific site within a target gene, and to rejoin the two ends of the break which frequently results in the disruption of the gene's function; to correct the adjacent sequences with newly synthesized DNA copied from an introduced DNA

template, resulting in gene correction; or to specifically add a new DNA sequence into a target site. ZFP-mediated gene modification is at an early stage of development. Our scientists have shown ZFP-mediated gene modification to work in isolated cells; however, a significant amount of additional research will be needed before this technique can be evaluated in animals or plants and subsequently tested for applications in human healthcare and plant agriculture.

*We may be unable to license gene transfer technologies that we may need to commercialize our ZFP TF and ZFN technology.* In order to regulate 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 non therapeutic programs, 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 where necessary 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 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 research reagents, 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.

*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 and siRNA may negatively impact regulatory approval or public perception of our potential products.* Our potential therapeutic products are delivered to patients as nucleic acid-based drugs. The clinical and commercial success of our potential products will depend in part on public acceptance of the use of gene therapy and siRNA for the prevention or treatment of human diseases. Public attitudes may be influenced by claims that gene therapy is unsafe or that siRNA is

ineffective, 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. 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 siRNA or 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 2006, 2005 and 2004 were $17.9 million, $13.3 million and $13.8 million, respectively. To date, our revenues have been generated from non therapeutic collaborations, strategic partners, and research grants. Since 2005, we have placed more 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 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.

*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 our value.* 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 those partners 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.

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 TFs 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.

*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. ZFP TFs and ZFNs have broad application in the life sciences 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 non therapeutic applications:
  - For protein production: gene amplification, meganucleases, insulator technology, mini-chromosomes;
  - For research reagents: antisense, siRNA; and
  - For plant agriculture: recombination approaches, mutagenesis approaches, meganucleases, mini-chromosomes.
- In addition to possessing competing technologies, our competitors include 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.

*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 incurred 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 a group of institutional investors, in which we sold an aggregate of 3,278,689 shares of common stock at a price of $9.15 per share to such investors, resulting in net proceeds of approximately $28.0 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 $20.15 million after deducting underwriter's discount. 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 revenue from non therapeutic collaborations, ZFP Therapeutic collabrations, strategic partnering agreements, research grants and grants awarded by research foundations. As of September 30, 2007, we had an accumulated deficit of approximately $143.1 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 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, 2007, our stock price ranged from a low of $8.36 to high of $14.11. During the past two years, our common stock price has fluctuated significantly, ranging from a low of $4.10 to a high of $8.00 during the year ended December 31, 2006, and a low of $3.54 to a high of $5.81 during the year ended December 31, 2005. 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 about the development and commercialization status of ZFP Therapeutics;
- changes in market valuations of similar companies;
- 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 us, management or directors;
- future sale or liquidation of our common stock by investors with large holding of our stock; and
- decreases in our cash balances.

*Our common stock is relatively moderately traded, which means large transactions in our common stock may be difficult to conduct in a short time frame.* We have a relatively moderate 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 26, 2007 was approximately 641,590 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.

*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 80 full-time employees as of October 31, 2007 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, or scientific advisors, 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 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.

*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.

Third parties have challenged some of our intellectual property and we expect they will continue to do so. We may not be successful in defending all of our intellectual property that is challenged which could impede our ability to conduct our business and exclude potential competitors from using our technology. One of our licensed patents, European Patent No. 0 682 699, entitled “Functional Domains in Flavobacterium Okeanokoites Restriction Endonuclease” was granted on May 7, 2003 and contained claims covering technologies used in our programs in targeted recombination, targeted integration and gene correction. In December 2005, an interlocutory decision revoking this patent was issued by the European Patent Office and in March 2007, the European Patent Office upheld its decision. We do not believe this decision will have a material impact on our ongoing ability, both in Europe and the United States, to exclude potential competitors in the fields of ZFNs and to develop, partner and commercialize our ZFP technology.

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.

*If we do not successfully commercialize ZFP based research reagents under our license agreement with Sigma, or if Sigma terminates our agreement, our ability to generate revenue under the license agreement 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. The license agreement provides 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. In addition to an upfront payment of $13.5 million, Sangamo may 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. The commercial milestones and royalties are based upon net sales of licensed products. We believe that the last commercial milestone payment may not be received before 2011. Our right to receive royalty payments from Sigma will continue until the later of (i) the expiration of the last to expire valid claim of such licensed product and (ii) the 15th anniversary of the effective date of the License Agreement. We cannot be certain that Sigma and Sangamo will succeed in the development of commercially viable products in these fields of use, and there is no guarantee that Sangamo and Sigma will achieve the milestones set forth in the license agreement. To the extent Sangamo and Sigma do not succeed in developing and commercializing products or if Sangamo and Sigma fail to achieve such milestones, our revenues and benefits under the license agreement will be limited. In addition, the license agreement may be terminated by Sigma at any time by providing us with a 90-day notice. In the event Sigma decides to terminate the license agreement, our ability to generate revenue under the license agreement 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 for the treatment of mild to moderate diabetic neuropathy, JDRF will pay us up to $3,000,000. 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, all rights will be returned to Sangamo 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.

*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. 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, 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 certificate of incorporation:

- states that stockholders may not act by written consent but only at a stockholders' meeting;
- establishes advance notice requirements for nominations for election to the board of directors or proposing matters that can be acted upon at stockholders' meetings; and
- limits 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 or our voting stock.

*Insiders have substantial 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 a result, these stockholders, if they choose to act together, will be able to 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.

**ITEM 6. EXHIBITS**

(a) Exhibits:

| | |
|---|---|
| 10.1 (+) | License Agreement dated as of July 10, 2007 between Sigma-Aldrich Corporation., and Sangamo BioSciences, Inc. |
| 10.2 | Common Stock Purchase Agreement dated as of July 10, 2007 between Sigma-Aldrich Corporation and Sangamo BioSciences, Inc. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on July 10, 2007) |
| 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. |

**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 1, 2007

/s/ Greg S. Zante

Greg S. Zante
Vice President, Finance and Administration
(Principal Financial and Accounting Officer)

**Exhibit 10.1**

**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 place of the redacted language. The redacted information has been filed separately with the Commission.**

# LICENSE AGREEMENT

**This License Agreement** (the "Agreement") is made and entered into as of July 10, 2007 (the "Effective Date") by and between **Sangamo BioSciences, Inc.,** a Delaware corporation having its principal place of business at Point Richmond Tech Center, 501 Canal Boulevard, Suite A100, Richmond, California 94804, and **Sigma-Aldrich Co.**, an Illinois corporation having its principal place of business at 3050 Spruce Street, St. Louis, MO 63103. Sangamo (as defined below) and Sigma (as defined below) are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

## Recitals

**A.** Sangamo has expertise in, and proprietary technology relating to, zinc finger proteins and their use to alter the genomes and/or protein expression capabilities of organisms and cells.

**B.** Sigma has expertise in the development and marketing of laboratory research reagents.

**C.** Sigma desires an exclusive license under Sangamo's expertise and proprietary technology as applied to the research market, and Sangamo desires to grant such a license.

**Now, Therefore,** the Parties agree as follows:

## ARTICLE 1

## DEFINITIONS

**1.1 "Active Supplied ZFN"** shall mean a Supplied ZFN having demonstrated ability to modify at least one allele of the applicable Target in a cell culture assay or other in vivo assay.

**1.2 "Affiliate"** means, with respect to a particular Party, a person, corporation, partnership, or other entity that controls, is controlled by or is under common control with such Party. For the purposes of the definition in this Section 1.2, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct the management and policies of such entity, whether by the ownership of at least fifty percent (50%) of the voting stock of such entity, or by contract or otherwise.

**1.3 "Annual FTE Rate"** means (a) from the Effective Date until the end of the [***] Year, $[***] per FTE and (b) for each additional Year, $[***] per FTE plus an additional [***], compounded annually, as a cost of living adjustment.

**1.4 "Bankrupt Party"** has the meaning set forth in Section 13.6(a).

**1.5 "Bona Fide Collaboration"** means any collaboration between Sangamo and a Third Party that is a Therapeutic Collaboration or a Sangamo Internal Program Collaboration or in which neither Sangamo nor a Sangamo Affiliate receives any compensation.

**1.6 "CEO"** means the chief executive officer of a Party (or his or her designee).

**1.7 "Claims"** has the meaning set forth in Section 12.1.

**1.8 "Clinical Development Payment"** means a payment to Sangamo from a Third Party pursuant to a Sangamo Collaboration wherein such payment results from the filing of an IND or the initiation of, completion of, enrollment of patients in, or disclosure of data from, a clinical trial, in each case with respect to a therapeutic protein manufactured using a cell line that is licensed to such Third Party pursuant to such Sangamo Collaboration. Notwithstanding the foregoing, Clinical Development Payments shall expressly exclude payments based on (a) any regulatory event, such as the filing of an application for, or receipt of, regulatory approval, (b) any manufacturing event, (c) any commercial event such as first commercial sale or sales levels, or (d) any event (including clinical trial-related events) occurring after regulatory approval for commercial marketing of the applicable therapeutic protein.

**1.9 "Commercial Use"** means (i) use for GMP production of therapeutic, diagnostic,

---

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

prophylactic or other medicinal products intended for use in humans or non-human animals, including the development of methods for such GMP production, or (ii) any other industrial use solely to the extent involving commercial sale of a product or service (e.g., the production of industrial enzymes for commercial sale). For clarity, if the molecule produced or any derivative of such molecule is used in or administered to humans, then the production of such molecule shall be deemed to be GMP production.

**1.10 "Committees"** has the meaning set forth in Section 3.1.

**1.11 "Confidential Information"** has the meaning set forth in Section 9.1.

**1.12 "Contract Manufacturer"** means one or more Third Party contractor(s) capable of carrying out the Manufacture of ZFP Products at a quantity level and volume sufficient to supply Sigma for its activities under this Agreement.

**1.13 "Control"** means, with respect to an item of Information or intellectual property right, that a Party owns or has a license to such item or right and has the ability to disclose such item and/or grant a license or sublicense as provided for in this Agreement under such item or right without violating the terms of any agreement or other arrangement with any Third Party.

**1.14 "Custom Project Deliverable"** has the meaning set forth in Section 6.2(b).

**1.15 "Customer"** has the meaning set forth in Section 5.4.

**1.16 "Damages"** has the meaning set forth in Section 12.1.

**1.17 "Diligent Efforts"** means, with respect to a particular Party, the carrying out of obligations or tasks in a commercially reasonable sustained manner consistent with the efforts such Party devotes to a product or a project of similar market potential, profit potential or strategic value resulting from its own efforts, based on conditions then prevailing. Diligent Efforts requires that such Party use commercially reasonable efforts to: (a) promptly assign responsibility for such obligations to specific employee(s) who are held accountable for progress and monitor such progress on an on-going basis, (b) set and consistently seek to achieve specific and meaningful objectives for carrying out such obligations, and (c) consistently make and implement decisions and allocate resources designed to advance progress with respect to such objectives.

**1.18 "Dow AgroSciences"** means Dow AgroSciences LLC.

**1.19 "Dow AgroSciences Agreement"** means that Research and Commercial License Agreement dated as of October 1, 2005 by and between Sangamo and Dow AgroSciences, as amended.

**1.20 "Escrow Materials"** has the meaning set forth in Section 6.4.

**1.21 "Existing Customer"** has the meaning set forth in Section 6.1(a).

**1.22 "Field"** means any use for research purposes. The Field shall exclude any Commercial Use of Licensed Products and any use of Licensed Products for human healthcare (including prophylaxis and diagnosis) or animal healthcare (including prophylaxis and diagnosis) (collectively, the "Excluded Fields"). Notwithstanding the foregoing exclusion, the following uses are included in the Field: (a) the use of transgenic animal models for research purposes; (b) the use (other than Commercial Use) of Licensed Products in the research and non-clinical or pre-clinical development of products that are intended for use in the Excluded Fields; (c) the research and development of Licensed Products (but not any administration of Licensed Products to humans) in anticipation of eventual use of such Licensed Products in the Excluded Fields (which use in the Excluded Fields would, for the avoidance of doubt, require a separate license from Sangamo); and (d) use of Licensed Products by or for Sigma to make products for commercial sale under a "research use only" label.

**1.23 "Filing Party"** has the meaning set forth in Section 8.2(b).

**1.24 "First Tier Milestone"** means the actual receipt by Sigma of $[***] in cumulative Net Sales from Sigma Custom Collaborations.

**1.25 "FTE"** means the equivalent of one employee or consultant of a Party working full time for one twelve (12) month period.

**1.26 "GMP"** means the requirements for good manufacturing practice as set forth in (a) Title 21 of the United States Code of Federal Regulations, Parts 210 and 211, as amended

---

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

from time to time, (b) Commission Directives 91/356/EEC and 2003/94/EC, as amended from time to time or (c) any equivalent thereof in another country.

**1.27 "Improvement"** means any enhancement, modification, or improvement to the Sangamo Technology, whether patentable or not, made during the term of this Agreement.

**1.28 "Improvement Patent"** means any patent or patent application in the United States or any foreign jurisdiction claiming an Improvement.

**1.29 "IND"** means (a) an investigational new drug application, as defined in Title 21 of the United States Code of Federal Regulations, Part 312 et seq., as amended from time to time, or (b) any equivalent thereof in another country.

**1.30 "Indemnitee"** has the meaning set forth in Section 12.3.

**1.31 "Information"** means information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including without limitation, databases, inventions, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including biological, chemical, and biochemical test data, analytical and quality control data, stability data, studies and procedures, and patent and other legal information or descriptions.

**1.32 "Infringement"** has the meaning set forth in Section 8.6.

**1.33 "Joint Improvement"** means an Improvement made by one or more employees, consultants, or independent contractors of both Parties.

**1.34 "Joint Improvement Patent"** means a patent or patent application that claims a Joint Improvement.

**1.35 "Joint Inventions"** means inventions, whether patentable or not, that are made by one or more employees, consultants, or independent contractors of both Parties. For clarity, Joint Inventions shall include Joint Improvements.

**1.36 "Joint Patent"** means a patent or patent application that claims a Joint Invention.

**1.37 "Joint Steering Committee" or "JSC"** means the committee described in Sections 3.1 and 3.2.

**1.38 "Library Side Letter"** means that certain letter from Sangamo to Sigma dated as of the Effective Date that sets forth certain understandings regarding Sangamo's zinc-finger plasmid library.

**1.39 "Licensed Product**" means (a) any product (i) the creation, development, manufacture, use, importation, sale or offer for sale of which, in the absence of the licenses granted in this Agreement, would infringe a Valid Claim or that (ii) incorporates Sangamo Know-How, or (b) any Licensed Service.

**1.40 "Licensed Service"** means any fee-based service employing or involving use of any Sangamo Know-How or which, in the absence of the licenses granted in this Agreement, would infringe a Valid Claim.

**1.41 "Manufacture" or "Manufacturing**" means the design, optimization, construction, production, and testing of one or more ZFP Products and, to the extent applicable, the use of such ZFP Products in the Field to modify the protein expression in, or genome of, cell lines.

**1.42 "MFN Price"** has the meaning set forth in Section 2.7.

**1.43 "Minimum Annual Payment"** has the meaning set forth in Section 7.5(a).

**1.44 "Modified Cell Lines"** has the meaning set forth in Section 6.2.

**1.45 "Net Sales"** means the amount invoiced or otherwise billed by Sigma or its Sublicensees for sales or other commercial disposition of a Licensed Product to a Third Party purchaser, less the following to the extent included in such billing or otherwise actually allowed or incurred with respect to such sales: (a) discounts, including cash, trade and quantity discounts, price reduction programs, retroactive price adjustments with respect to sales of a product, charge-back payments and rebates granted to trade customers; (b) credits or allowances actually granted upon rejections or returns of Licensed Products, including for recalls or damaged goods; (c) freight, postage, shipping and insurance charges actually allowed or paid for delivery of

Licensed Products, to the extent billed; (d) customs duties, surcharges and other governmental charges incurred in connection with the exportation or importation of a Licensed Product; (e) taxes, duties or other governmental charges levied on, absorbed or otherwise imposed on sale of Licensed Products, including without limitation value-added taxes, or other governmental charges otherwise measured by the billing amount, when included in billing, as adjusted for rebates and refunds, but specifically excluding taxes based on net income of the seller; and (f) a reasonable allowance for bad debts (such allowance not to exceed 2% of gross sales) provided that all of the foregoing deductions are calculated in accordance with generally accepted accounting principles consistently applied throughout the selling party's organization.

**1.46 "Non-Filing Party"** has the meaning set forth in Section 8.2(b).

**1.47 "Party Indemnitees"** has the meaning set forth in Section 12.1.

**1.48 "Permitted Plant Product"** means any Plant Product that is a Licensed Product and (a) that is used for diagnosis, treatment or prophylaxis of a disease or medical condition in a non-human animal, for reducing or eliminating pathogens in a non-human animal, or for nutritional supplements or food additives for nutritional enhancements in a non-human animal, (b) that is intended for the diagnosis, treatment or prophylaxis of a disease or medical condition in a human, or (c) that is extracted from plant material and intended to be ingested by or topically applied or otherwise delivered or administered to humans, food, and food ingredients (e.g. oils), including without limitation nutraceuticals, vitamins, nutritional supplements, food additives, shampoo, soap, sunscreen, and cosmetics.

**1.49 "Permitted Plant Service"** means any fee-based service employing or involving a Permitted Plant Product.

**1.50 "Plant Field"** means gene targeting and/or gene regulation using a ZFP Product to modify the genome of a plant cell, plant, or plant cell culture (in each case, whether constituting or derived from a vascular or non-vascular plant), or alter the nucleic acid or protein expression in a plant cell, plant, or plant cell culture. For the purpose of this Agreement, "non-vascular" plants shall include but not be limited to algae, moss, and fungi.

**1.51 "Plant Product"** means any product, other than a ZFP Product, that is created or

produced directly or indirectly through use of Sangamo Technology in the Plant Field.

**1.52 "Projects Side Letter"** means that certain letter from Sangamo to Sigma dated as of the Effective Date that contains certain information regarding custom service work being performed by Sangamo for Third Parties, as described in more detail in Section 6.1.

**1.53 "Quarter Throughput Rate"** has the meaning set forth in Section 7.3(b).

**1.54 "Representatives"** has the meaning set forth in Section 13.1.

**1.55 "Research Costs"** means (a) the costs associated with a Party's FTEs performing work under the Research Plan or otherwise under the direction of the JSC, as measured at the Annual FTE Rate, (b) any out-of-pocket costs and expenses that such Party incurs as a result of such Party's performance under the Research Plan or otherwise under the direction of the JSC (to the extent not already included as part of the Annual FTE Rate), and (c) the costs described in Section 6.2(e).

**1.56 "Research Plan"** means the written plan describing the research program to be conducted by Sangamo pursuant to Article 4. The parties have agreed upon an initial Research Plan which is set forth in a separate side letter.

**1.57 "Research Plan Collaboration"** means all activities performed by or on behalf of Sangamo or Sigma in the course of performing the activities described in, or fulfilling of their obligations pursuant to, the Research Plan.

**1.58 "Research Term"** means the period of time commencing on the Effective Date and continuing, unless the Agreement is earlier terminated pursuant to Article 10, until the third anniversary of the Effective Date.

**1.59 "Rockefeller Agreement"** has the meaning set forth in Section 2.6(a).

**1.60 "Sangamo"** means Sangamo BioSciences, Inc., a Delaware corporation.

**1.61 "Sangamo Collaboration"** means the grant by Sangamo to a Third Party of a license to [***].

---

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

**1.62 "Sangamo Downstream Affiliate"** has the meaning set forth in Section 2.8.

**1.63 "Sangamo Improvements"** means (a) Improvements (other than Joint Improvements) that are made by one or more employees, consultants, or independent contractors of Sangamo; and (b) Improvements made by any Third Party or Affiliate to which Sangamo grants a license under the Sangamo Technology.

**1.64 "Sangamo Indemnitees"** means Sangamo, its Affiliates, its licensees, and its and their officers, directors, employees, consultants, contractors, sublicensees and agents.

**1.65 "Sangamo Internal Program Collaboration"** means any collaboration between Sangamo and a Third Party where Sangamo [***].

**1.66 "Sangamo Know-How"** means all Information including Sangamo Improvements and Sangamo's interest in Joint Improvements (other than Sangamo Patents), that (a) is Controlled, during the term of this Agreement, by (i) Sangamo, (ii) any entity that, as of the Effective Date, is a Sangamo Affiliate, or (iii) a Sangamo Downstream Affiliate and (b) is reasonably necessary or useful to make, use or sell ZFP Products in the Field. Sangamo Know-How shall not include any Information licensed to Sangamo or a Sangamo Affiliate by a Third Party unless such Information is licensed pursuant to a Third Party License and meets the aforementioned criteria for Sangamo Know-How.

**1.67 "Sangamo Patent"** means any patent or patent application, including any patent or patent application that claims a Sangamo Improvement or Joint Improvement, that (a) is Controlled by (i) Sangamo, (ii) any entity that, as of the Effective Date, is a Sangamo Affiliate, or (iii) a Sangamo Downstream Affiliate, and (b) claims the composition of matter, manufacture, or use of ZFP Products useful in the Field. Sangamo Patents include, without limitation, the patents or patent applications listed on Exhibit A. Notwithstanding the foregoing, Sangamo Patents shall not include any patents or patent applications licensed to Sangamo or a Sangamo Affiliate by a Third Party unless such patents or patent application are licensed pursuant to a Third Party License.

**1.68 "Sangamo Technology"** means the Sangamo Patents and the Sangamo Know-How.

---

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

**1.69 "Second Tier Milestone"** means the actual receipt by Sigma of $[***] in cumulative Net Sales from Sigma Custom Collaborations.

**1.70 "Sigma"** means Sigma-Aldrich Corporation, a Delaware corporation.

**1.71 "Sigma Custom Collaboration**" means a collaboration with a Third Party under which Sigma (or Sangamo pursuant to Section 6.2) provides [***].

**1.72 "Sigma Improvement Patent"** means any Improvement Patent that claims a Sigma Improvement.

**1.73 "Sigma Improvements"** means (a) Improvements (other than Joint Improvements) that are made by one or more employees, consultants, or independent contractors of Sigma or of any entity while it is a Sigma Affiliate; and (b) Improvements made by Sublicensees, to the extent Controlled by Sigma or any Sigma Affiliate. Notwithstanding the foregoing, an Improvement that satisfies the foregoing definition solely because it was made by one or more employees, consultants, or independent contractors of an entity while it is a Sigma Affiliate shall be deemed not to be a Sigma Improvement if Sigma can demonstrate by competent evidence that such entity had no access to the Sangamo Technology or to any other Improvements that are Sigma Improvements.

**1.74 "Sigma Indemnitees"** means Sigma, its Affiliates, its licensees, and its and their officers, directors, employees, consultants, contractors, sublicensees and agents.

**1.75 "Sigma Share"** has the meaning set forth in Section 7.9(b).

**1.76 "Sublicense Agreement"** means any agreement, other than a Use License, under which Sigma grants a Third Party or an Affiliate a sublicense under the Sangamo Technology.

**1.77 "Sublicensee"** means any Third Party to which Sigma grants a sublicense under the Sangamo Technology.

**1.78 "Sublicensing Revenues"** means any consideration (other than royalties on sales) that Sigma receives in return for the granting or practice of a sublicense under the Sangamo Technology pursuant to a Sublicense Agreement, which may include (without limitation) upfront

---

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

license fees, annual license or maintenance payments, milestone payments, credits against Sigma's future expenses, or reductions in royalties or other payments otherwise owed to the Sublicensee. In the event that Sigma receives non-cash consideration from a Sublicensee for the granting or practice of a sublicense under the Sangamo Technology, the Parties shall determine in good faith the fair market value of such consideration, and such fair market value shall be included in Sublicensing Revenues.

**1.79 "Supplied ZFN"** means [***].

**1.80 "Target"** means [***].

**1.81 "Therapeutic Collaboration"** means any collaboration between Sangamo and a Third Party in which Sangamo receives revenue or other consideration for research directed at a therapeutic product that is (a) [***] or (b) [***]. Notwithstanding the foregoing, none of the following will be considered a "Therapeutic Collaboration": (i) [***].

**1.82 "Third Party"** means any entity other than (a) Sangamo, (b) Sigma or (c) an Affiliate of either Party.

**1.83 "Third Party License"** means (a) any of the agreements set forth in Exhibit B and (b) any agreement that is deemed to be a Third Party License in accordance with the terms of Section 2.6 or Section 8.9.

**1.84 "Third Tier Milestone"** means the actual receipt by Sigma of $[***] in cumulative Net Sales from Sigma Custom Collaborations.

**1.85 "Title 11"** has the meaning set forth in Section 13.6.

**1.86 "Use License"** has the meaning set forth in Section 5.4.

**1.87 "Valid Claim"** means (a) a claim of an issued and unexpired patent which has not been held invalid or unenforceable by an un-appealable or un-appealed decision of a court or other government agency or jurisdiction and has not been admitted to be invalid or unenforceable through reissue, re-examination, disclaimer or otherwise; provided however, that if the holding of such court or agency is later reversed by a court or agency with overriding authority, the claim shall be reinstated as a Valid Claim after the date of such reversal, and (b) a claim of a pending patent application, which application claims a filing date not more than seven (7) years earlier.

---

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

**1.88 "Validated Process"** means [***].

**1.89 "Validated Supplied ZFN"** shall mean [***].

**1.90 "Year"** means a twelve-month period commencing on the Effective Date or any anniversary of the Effective Date. The "first Year" means the Year commencing on the Effective Date, the "second Year" means the Year commencing on the first anniversary of the Effective Date, and so on.

**1.91 "ZFN Technology"** means technology relating to zinc finger proteins and their use to alter the genomes and/or protein expression capabilities of organisms and cells.

**1.92 "ZFP Product"** means a zinc-finger protein (including a zinc-finger transcription factor or a zinc-finger nuclease) or a nucleic acid encoding and capable of expressing such protein (for example, in a cell or tissue), and services in connection therewith.

## ARTICLE 2

## LICENSES

**2.1 License to Sigma**.

**(a) License Grant.** Subject to the terms and conditions of this Agreement, Sangamo hereby grants to Sigma (i) a royalty-bearing, world-wide, exclusive (except as set forth below) license under the Sangamo Technology (with the right to sublicense as provided below) to make, have made, use, sell, offer for sale, and import Licensed Products and to provide Licensed Services (but excluding all uses of Licensed Products or Sangamo Technology in the Plant Field and excluding all Plant Products) in each case solely in the Field and (ii) a royalty-bearing, world-wide, co-exclusive license under the Sangamo Technology (with the right to sublicense as provided below) to make, have made, use, sell, offer for sale, and import Permitted Plant Products and to provide Permitted Plant Services, in each case solely in the Field. The license granted to Sigma pursuant to Section 2.1(a)(i) is exclusive even as to Sangamo, subject to

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

Sections 2.1(b) and 2.4. The license granted to Sigma pursuant to Section 2.1(a)(ii) is co-exclusive (with Dow AgroSciences), meaning that, subject to Sections 2.1(b) and 2.4, Sigma and Dow AgroSciences have the sole rights under the Sangamo Technology to make, have made, use, sell, offer for sale, and import Permitted Plant Products and to provide Permitted Plant Services in the Field. In the event that the Dow AgroSciences Agreement terminates, then the license granted pursuant to Section 2.1(a)(ii) shall without further action convert to an exclusive license (even as to Sangamo). Such licenses shall be freely sublicensable by Sigma, provided that Sigma complies with Section 2.2. No Sigma sublicensee shall be permitted to grant further sublicenses without Sangamo's prior written approval.

**(b) Exception to Exclusivity.** Sigma acknowledges that, prior to the Effective Date, Sangamo has performed or committed to perform for Third Parties certain custom services relating to the Sangamo Technology and has delivered or committed to deliver to such Third Parties certain ZFP Products and/or Licensed Products and has granted to such Third Parties the right to use such ZFP Products and/or Licensed Products in the Field as listed in the Projects Side Letter. Sangamo's grant of an exclusive license in Section 2.1(a) is expressly subject to such previously granted rights subject to the Projects Side Letter.

**2.2 Sublicense Agreement.** Sigma shall provide Sangamo with a copy of each executed Sublicense Agreement within thirty (30) days after execution. Each such Sublicense Agreement so provided to Sangamo shall be treated as Sigma "Confidential Information." With respect to any Sublicense Agreement that includes a sublicense under a Third Party License that requires Sangamo to provide to the applicable Third Party licensor a copy of any Sublicense Agreement or a summary of the terms of such Sublicense Agreement, Sangamo shall be permitted to provide such Third Party licensor with such copy or summary. Sigma shall ensure that all Sublicense Agreements comply with the following requirements:

**(a)** No Sublicense Agreement shall obligate (or purport to obligate) Sangamo, without Sangamo's express prior written consent.

**(b)** Each Sublicense Agreement shall require the relevant Sublicensee to:

**(i)** disclose in a timely fashion to Sigma any Improvement(s)

made, conceived, or reduced to practice by the such Sublicensee in its activities under the Sublicense Agreement; and

**(ii)** grant to Sangamo a fully paid, world-wide, irrevocable (subject to Section 10.3(f)) license under any such Improvements that is exclusive for uses outside the Field and is fully sublicensable.

**(c)** Each Sublicense Agreement shall identify Sangamo as a third party beneficiary with respect to the license set forth in Section 2.2(b)(ii).

**(d)** Each Sublicense Agreement shall require that the relevant Sublicensee (i) comply with the relevant terms of Article 5 (as if such Sublicensee were Sigma), (ii) assume the obligations set forth in Exhibit C (as if such Sublicensee were Sigma) with respect to each Third Party License sublicensed thereunder, and (iii) acknowledge that the Sublicense Agreement is subject to the terms and conditions of each such Third Party License.

**2.3 Licenses to Sangamo.**

**(a) Manufacturing License.** Subject to the terms and conditions of this Agreement, Sigma hereby grants to Sangamo a non-exclusive worldwide, fully paid, license solely to Manufacture ZFP Products in order to perform Sangamo's obligations under Section 6.2. Such license shall be sublicensable solely to a Contract Manufacturer acceptable to Sigma, which acceptance will not be unreasonably withheld. The license granted under this Section 2.3(a) shall terminate upon the transfer of Manufacturing technology to Sigma pursuant to Section 6.3.

**(b) Licenses to Improvements.** Subject to the terms and conditions of this Agreement, Sigma hereby grants to Sangamo and its Affiliates (i) a worldwide, fully paid, perpetual, irrevocable (subject to Section 10.3(f)), exclusive license (with the right to sublicense) to practice the Sigma Improvements and Joint Improvements (and all patents and patent applications claiming the same) for all purposes outside the Field; and (ii) a worldwide, fully paid, perpetual, irrevocable (subject to Section 10.3(f)), non-exclusive license to practice the Sigma Improvements and Joint Improvements in the Field (A) for its own internal use to identify and develop human and animal therapeutics and (B) in Bona Fide Collaborations with Third

Parties to identify and develop human and animal therapeutics (including the right to permit the practice of Sigma Improvements in the Field by such Third Parties in such Bona Fide Collaborations).

**2.4 Sangamo Retained Rights.** Notwithstanding anything to the contrary in this Agreement, Sangamo and its Affiliates shall retain:

**(a)** the exclusive right to use, develop, manufacture, and commercialize (and to grant licenses to use, develop, manufacture, and commercialize) the Sangamo Technology and Licensed Products outside the Field;

**(b)** the non-exclusive right to use Sangamo Technology in the Field for their own internal use or in Bona Fide Collaborations with Third Parties to identify and develop human and animal therapeutics (including the right to permit the use of Sangamo Technology in the Field by such Third Parties in such Bona Fide Collaborations); and

**(c)** the non-exclusive right to use Sangamo Technology in the Field to the extent necessary to fulfill obligations under this Agreement or any agreement with a Third Party existing on the Effective Date.

**2.5 Negative Covenants.**

**(a)** Sigma hereby covenants that it shall not use or practice, nor shall it cause or permit any of its sublicensees (including Sublicensees) to use or practice, directly or indirectly, any Sangamo Technology for any purpose other than those expressly permitted by this Agreement. Notwithstanding the foregoing, such covenant shall not apply to any Sangamo Know-How that qualifies for one of the exceptions set forth in Section 9.2.

**(b)** Sangamo hereby covenants that it shall not use or practice, nor shall it cause or permit any of its any sublicensees to use or practice, directly or indirectly, any Sigma Improvement for any purpose other than those expressly permitted by this Agreement or to use or practice, directly or indirectly, or grant a license under, any Sangamo Know-How, Sangamo Patent, Sangamo Improvement, or Joint Improvement in the Field in contravention of any licenses granted to Sigma hereunder. Notwithstanding the foregoing, such covenant shall not

apply to any Sigma Improvement that qualifies for one of the exceptions set forth in Section 9.2.

**2.6 Third Party Licenses.**

**(a)** The licenses granted to Sigma in Section 2.1 include sublicenses under Sangamo Technology licensed to Sangamo pursuant to Third Party Licenses. Such sublicenses are subject to (i) the limitations set forth in the Third Party Licenses (including without limitation any limitations on the scope and exclusivity of the licenses granted to Sangamo thereunder and any constraints on Sangamo's ability to prosecute or enforce Sangamo Patents licensed pursuant to such Third Party Licenses), (ii) Sigma's compliance with the payment obligations set forth in Section 7.10 with respect to such Third Party Licenses, and (iii) Sigma's satisfaction of the non-financial terms and conditions of the Third Party Licenses, including without limitation those terms set forth on Exhibit C. Sigma understands and acknowledges that (1) the Collaborative Agreement between Gendaq Limited and Rockefeller University dated September 1, 2000 (the "**Rockefeller Agreement**") is not a Third Party License, (2) the licenses granted to Sigma under Section 2.1 do not include sublicenses of any licenses received by Sangamo under the Rockefeller Agreement as a result of Sangamo's acquisition of Gendaq Limited, and (3) with respect to any patents or patent applications included within the Sangamo Patents that are addressed in the Rockefeller Agreement, the licenses granted to Sigma in Section 2.1 to such patents and patent applications are only licenses under Sangamo's ownership interest in such patents and patent applications. Sigma further understands and acknowledges that, notwithstanding the fact that the MIT Agreement (as such term is defined in Exhibit B) is a Third Party License, (A) the licenses granted to Sigma under Section 2.1 do not include sublicenses under the patents and patent applications licensed to Sangamo pursuant to the Fifth Amendment to the MIT Agreement (such amendment being dated December 15, 2000) and (B) such patents and patent applications are not Sangamo Patents.

**(b)** In the event that Sigma desires to license from Third Parties any intellectual property relating to ZFP Products (including any patents described in Section 7.8), Sigma shall [***].

**(c)** Licenses to any intellectual property relating to ZFP Products in the Field (including any patents described in Section 7.8) granted to Sangamo shall be deemed to be a

---

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

Third Party License to the extent the requirements set forth in Section 2.6(d) and/or (e) (as applicable) are satisfied.

**(d)** An agreement entered into by Sangamo after the Effective Date and under which Sangamo receives a license to certain Information shall only be deemed to be a Third Party License if:

**(i)** such Information is reasonably necessary or useful to practice the Sangamo Patents or to make, use or sell ZFP Products in the Field, and Sangamo's license thereto includes the Field;

**(ii)** Sangamo discloses the substantive terms of such agreement to Sigma for review a reasonable amount of time in advance of Sangamo's anticipated entry into such a license agreement (which Sangamo hereby covenants to do); and

**(iii)** Sigma provides Sangamo with written notice within 30 days following Sigma's receipt from Sangamo of the substantive terms of such agreement, in which (1) Sigma consents to adding such license agreement to the definition of Third Party License, (2) Sigma assumes the obligations applicable to Sigma that are set forth in Section 7.10 with respect to such license agreement as well as all other obligations of such license agreement that are applicable to sublicensees thereunder, and (3) Sigma acknowledges in writing that its sublicense under such license agreement (i) is limited to the Information licensed thereunder but does not include any patents or patent applications licensed thereunder (except to the extent Section 2.6(e) applies to such license agreement) and (ii) is subject to the terms and conditions of such license agreement.

**(e)** An agreement entered into by Sangamo after the Effective Date and under which Sangamo receives a license to certain patents or patent applications shall only be deemed to be a Third Party License if:

**(i)** such patent or patent application claims the composition of matter, manufacture, or use of ZFP Products useful in the Field, and Sangamo's license thereto includes the Field;

**(ii)** Sangamo discloses the substantive terms of such agreement to Sigma for review a reasonable amount of time in advance of Sangamo's anticipated entry into such a license agreement (which Sangamo hereby covenants to do); and

**(iii)** Sigma provides Sangamo with written notice within 30 days following Sigma's receipt from Sangamo of the substantive terms of such agreement, in which (1) Sigma consents to adding such license agreement to the definition of Third Party License, (2) Sigma assumes the obligations applicable to Sigma that are set forth in Section 7.10 with respect to such license agreement as well as all other obligations of such license agreement that are applicable to sublicensees thereunder, and (3) Sigma acknowledges in writing that its sublicense under such license agreement (i) is limited to the patents or patent applications licensed thereunder but does not include any patents or patent applications licensed thereunder (except to the extent Section 2.6(d) applies to such license agreement) and (ii) is subject to the terms and conditions of such license agreement.

**2.7 Therapeutic Collaborations.** In the event that Sangamo enters into more than [***] Therapeutic Collaborations during 2007 (after the Effective Date), [***] Therapeutic Collaborations during 2008, or [***] Therapeutic Collaborations during 2009 or any subsequent calendar year, then with respect to each such Therapeutic Collaboration beyond these limits, Sangamo shall, at Sangamo's option, (a) use Sigma as the supplier of ZFP Products or custom cell lines for such Therapeutic Collaboration (in which case the maximum price charged by Sigma for such supply shall be [***] (the "**MFN Price**")) or (b) pay Sigma a fee equal to [***] of the MFN Price. For clarity, any Therapeutic Collaboration in which Sigma supplies ZFP Products or custom cell lines or with respect to which Sangamo makes the payment to Sigma described in subsection (b) above shall not be counted towards the limit of [***] Therapeutic Collaborations (as the case may be) set forth above.

**2.8 Sangamo Downstream Affiliates.** In the event that (a) an entity becomes an Affiliate of Sangamo after the Effective Date, (b) Sangamo controls (as such term is defined in Section 1.2) such entity, and (c) such entity Controls Information, patents, or patent applications that would satisfy the definition of Sangamo Know-How or Sangamo Patents (as the case may be) if such entity had been an Affiliate of Sangamo as of the Effective Date, then Sangamo shall

---

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

provide Sigma with written notice describing such Information, patents, or patent applications in reasonable detail. If, within thirty (30) days thereafter, Sigma provides written notice to Sangamo that Sigma would like to discuss the economic terms under which such Information, patents, or patent applications would be included in the Sangamo Technology licensed under this Agreement, the Parties shall negotiate such economic terms in good faith, taking into account the aggregate cost to Sangamo of acquiring control (as such term is defined in Section 1.2) of such entity and the value of such Information, patents, or patent applications in the Field relative to the total value of the assets of such entity. Solely upon mutual written agreement of the Parties regarding all such economic terms, such entity shall be deemed to a **"Sangamo Downstream Affiliate."** If the agreed-upon economic terms include the payment by Sigma of royalties on sales of a Licensed Product in a particular country that are in addition to those royalties due to Sangamo pursuant to Section 7.7, Sigma shall be entitled to a credit, against the royalty payments due to Sangamo pursuant to Section 7.7 upon sales of such Licensed Product in the applicable country, in an amount equal to [***] of such additional royalties, provided that in no event shall the royalty rate due to Sangamo pursuant to Section 7.7 be reduced to below [***] of the applicable royalty rates set out in Section 7.7(a).

## ARTICLE 3

## MANAGEMENT OF THE RESEARCH PLAN COLLABORATION

**3.1 Overall Management Structure**. The management of the Research Plan Collaboration shall be vested in a Joint Steering Committee (the "**JSC**"), with responsibilities, as further discussed in Section 3.2. The JSC and any other committees established by the Parties in connection with the Research Plan Collaboration (collectively, the "**Committees**") shall each continue to exist until the first to occur of (a) the Parties mutually agreeing to disband such Committee or (b) the termination of the Research Term. Following such termination of the JSC, the JSC shall be reconvened from time-to-time for the purpose set forth in Section 9.7.

**3.2 Joint Steering Committee.**

**(a) Membership.** The JSC shall be composed of at least four (4) members, two (2) members appointed by each Party. The JSC will consist of senior members from each

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

Party authorized to make decisions with respect to matters including, but not limited to, setting research goals, resolving disputes, and making strategic decisions. Promptly following the Effective Date, each Party shall appoint its initial representatives to the JSC. Each Party may replace its JSC representatives at any time upon written notice to the other Party. Sigma will designate one of its representatives as the Chairperson of the JSC. The Chairperson shall be responsible for scheduling meetings, preparing and circulating an agenda in advance of each meeting, preparing and issuing minutes of each meeting within thirty (30) days thereafter, revising such minutes to reflect timely comments thereon, overseeing the ratification of such revised minutes and other administrative matters relating to the smooth functioning of the JSC.

**(b) Meetings**. During the Research Term, the JSC shall meet a minimum of one (1) time every six (6) months. The Parties shall endeavor to schedule meetings of the JSC at least six (6) months in advance. Meetings for the JSC shall be held on an alternating basis in Richmond, California (or such other location in the continental United States as may be chosen by Sangamo) and St. Louis, Missouri (or such other location in the continental United States as may be chosen by Sigma). With the consent of the representatives of each Party serving on a particular committee, other representatives of each Party may attend meetings of that committee as non-voting observers. A meeting of the JSC or a subordinate committee may be held by audio or video teleconference with the consent of each Party, provided that at least half of all meetings for that committee in each calendar year shall be held in person. Meetings of the JSC or a subordinate committee shall be effective only if at least one representative of each Party is present or participating. Each Party shall be responsible for all of its own expenses of participating in the committee meetings.

**(c) Responsibilities**. The JSC shall:

**(i)** Manage and direct the implementation of the Research Plan Collaboration;

**(ii)** Have authority to establish one or more other committees that report to the JSC and assist the JSC in managing and directing the Research Plan Collaboration. Any committees formed beyond the JSC shall be subordinate to the JSC, shall have such membership and responsibilities as the JSC shall determine, and may be

disbanded by the JSC at any time. Each Party shall use good faith and cooperative efforts to facilitate and assist the efforts of the JSC and all additional committees established by the JSC. For clarity, the JSC does not have any authority beyond the specific matters set forth in this Agreement, and cannot in any way amend or modify the terms or provisions of this Agreement;

**(iii)** Resolve, or attempt to resolve any disputes not resolved by any subordinate committees created by the JSC

**(iv)** Draft (or have drafted) and approve language for any and all Use Licenses pertaining to Licensed Products, each of which Use Licenses shall, at minimum, incorporate the terms set forth in Exhibit D;

**(v)** Have the authority to request the written reports contemplated by Sections 5.3(a) and 5.3(b);

**(vi)** Determine the format and frequency of summaries to be provided by Sigma pursuant to Section 5.3(a); and

**(vii)** Perform such other functions as appropriate to further the purposes of the Research Plan Collaboration and as allocated to it in writing by the Parties.

**(d) Decision Making; Authority.** The JSC shall make its decisions by consensus, with each Party's representatives collectively having one vote. If the JSC is unable to reach consensus regarding a matter before it, the issue shall be resolved pursuant to Section 13.1. The JSC does not have any authority beyond the specific matters set forth in this Agreement, and cannot in any way amend or modify the terms or provisions of this Agreement.

**3.3 Research Plan Collaboration Guidelines.**

**(a) General.** In all matters related to implementation of the Agreement, the Parties shall be guided by standards of reasonableness in economic terms and fairness to each of the Parties, striving to balance the legitimate interests and concerns of the Parties and further the Research Plan Collaboration.

**(b) Independence.** Subject to the terms of this Agreement, the activities and resources of each Party shall be managed by such Party, acting independently and in its individual capacity. The relationship between Sangamo and Sigma is that of independent contractors and neither Party shall have the power to bind or obligate the other Party in any manner, other than as is expressly set forth in this Agreement.

## ARTICLE 4

## RESEARCH PROGRAM

**4.1 Research Term.** The Research Plan shall remain in force during the Research Term and shall terminate at the end of the Research Term.

**4.2 Research Plan.** The Parties have agreed upon an initial Research Plan, which is set forth in a separate side letter. Within one hundred and twenty (120) days following the Effective Date, the JSC shall update and finalize a new version of the Research Plan. During the Research Term, the JSC shall review the Research Plan at least semiannually and may generate revised versions of the Research Plan that are consistent with the terms of this Agreement and the goals of the Research Plan Collaboration. Significant changes in the scope or direction of the work must be approved by the JSC. Without such approval, the most recently approved Research Plan shall remain in effect. Once approved by the JSC, such revised Research Plan shall replace the prior Research Plan.

**4.3 Use of Subcontractors.** Sangamo may subcontract portions of its activities under the Research Plan to a Third Party, provided that such Third Party receives the prior approval of the JSC.

**4.4 Reports to JSC.** At each meeting of the JSC during the Research Term and within 30 days following the end of the Research Term, Sangamo shall submit to the JSC a written progress report summarizing the work performed under the Research Plan since the last meeting.

**4.5 Conduct of Research Program.** Sangamo shall use Diligent Efforts to conduct its tasks assigned pursuant to the Research Plan and to attempt to achieve the objectives of the

Research Plan efficiently and expeditiously. Sangamo shall conduct the Research Plan activities in good scientific manner, and in compliance in all material respects with the requirements of applicable laws, rules and regulations and all applicable good laboratory practices. Sangamo personnel performing its responsibilities under the Research Plan shall be reasonably acceptable to Sigma. For the avoidance of doubt, Sigma shall have no obligations under the Research Plan.

**4.6 Research Funding.** In recognition of Sigma's payment of the license fee pursuant to Section 7.2 (including, but not limited to, the license fee payments pursuant to Sections 7.2(b), (c) and (d)) and Sigma's other obligations under this Agreement, Sangamo shall be solely responsible for supporting the costs of its efforts under the Research Plan, including but not limited to all costs and expenses associated with its personnel. During each Year of the Research Term, Sangamo shall spend $[***] in Research Costs. Promptly following the completion of each such Year, Sangamo shall provide Sigma with sufficient detail and documentation demonstrating the specific basis of such expenses incurred by Sangamo in such Year. In no event shall Sangamo be required, during any Year of the Research Term to incur more than $[***] of Research Costs. For the avoidance of doubt, at the current Annual FTE Rate, and assuming no deduction of out-of-pocket costs or expenses, $[***] in Research Costs is equivalent to [***] FTEs. Sangamo shall track and calculate the number of its FTEs involved in work under the Research Plan in accordance with Sangamo's then-current accounting methodology.

## ARTICLE 5

## DEVELOPMENT AND COMMERCIALIZATION

**5.1 General.** Subject to the terms and conditions of this Agreement, Sigma shall have sole control over, and responsibility for, the development and commercialization of any Licensed Products in the Field, including the performance of Licensed Services in the Field for Third Parties, all of which shall be carried out at Sigma's sole expense. Except as expressly set out in this Agreement, Sangamo shall have no responsibility for any costs or expenses incurred by Sigma or any Sublicensees in undertaking development or commercialization of Licensed Products.

---

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

**5.2 Diligence.** Sigma shall use Diligent Efforts to develop and commercialize Licensed Products in the Field.

**5.3 Reports.**

**(a)** Sigma shall keep the JSC informed regarding the overall progress and results of the development and commercialization of any Licensed Products in the Field by Sigma, its Affiliates, or its Sublicensees, including any written reports requested by the JSC. After the JSC ceases to exist pursuant to Section 3.1, Sigma shall thereafter provide directly to Sangamo summaries of the development and commercialization activities performed or anticipated to be performed by Sigma, its Affiliates, or its Sublicensees with respect to Licensed Products in the Field, which summaries shall be in a format and at a frequency decided by the JSC (i.e., prior to the time it ceases to exist) or mutually agreed by the Parties.

**(b)** During the first Year, Sangamo shall keep the JSC informed regarding the overall progress and results of any development and commercialization efforts undertaken by Sangamo pursuant to Section 6.1(d), including any written reports requested by the JSC.

**5.4 Product Licenses**. Any sales of Licensed Products by Sigma under this Agreement to a Third Party (each, a **"Customer"**) shall be made pursuant to a written limited use label license (a **"Use License"**) approved by the JSC. Sigma agrees to label Licensed Products to reflect the terms of the Use License in a manner reasonably consistent with similar labeled products sold by Sigma. Sigma shall not be obligated to independently verify or confirm that its Customers are or will be in compliance with such Use License, or otherwise independently verify or confirm that a Customer's use of Licensed Products falls within the scope of the Field. For clarity, nothing in the foregoing sentence shall be interpreted to grant Sigma or its sublicensees any rights under the Sangamo Technology outside the Field or to limit Sigma's obligations under Section 2.5(a). [***]

## ARTICLE 6
## TRANSITION OF CUSTOM ZFN TECHNOLOGY BUSINESS TO SIGMA

**6.1 Custom Technology Projects.** The Parties have agreed that the right to enter into agreements with clients for custom services projects in the Field and to perform such custom

---

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

service projects in the Field shall be transferred to Sigma as of the Effective Date. To that end, the Parties further agree as follows as of the Effective Date:

**(a)** Sangamo shall remain responsible for performing those custom services projects with respect to targets for which Sangamo entered into an agreement with a Third Party (an "**Existing Customer**") prior to the Effective Date, as set out in the Projects Side letter. All payments for services performed and delivered with respect to such projects shall be payable to Sangamo.

**(b)** Sangamo shall refer all further prospective custom service projects in the Field to Sigma including all such projects under negotiation and all such projects with any Existing Customer with respect to targets that are not, as of the Effective Date, the subject of an agreement with such Existing Customer.

**(c)** Sangamo shall not agree to provide custom services projects in the Field (other than to provide custom services projects with respect to targets that, as of the Effective Date, are the subject of an agreement with an Existing Customer, as listed in the Projects Side Letter).

**(d)** Sangamo shall use Diligent Efforts to provide Sigma with assistance with business development efforts and closing custom projects during the first Year following the Effective Date by making available for such purpose two Sangamo employees reasonably acceptable to Sigma (one such employee with a technology focus; one with a business development focus). The initial two employees are identified in the Projects Side Letter. The time spent by each such employee in providing assistance to Sigma shall be at least equal to the time spent by such employee on custom projects matters prior to the Effective Date. During the second and third Years following the Effective Date, Sangamo shall use Diligent Efforts to provide Sigma with a reasonable level sales and marketing support on a less than full-time basis.

**(e)** All custom services project agreements entered into following the Effective Date shall be by and between Sigma and the Third Party. Sangamo shall not be a party to such agreements.

**(f)** Sangamo represents and warrants to Sigma that Sangamo has provided

Sigma copies of all outstanding proposals presented to prospective customers (other than proposals that cannot be so provided without violating a confidentiality agreement with a Third Party); that the copies provided reflect all terms currently being discussed and Sangamo's understanding of the status of such discussions; and that Sangamo has no knowledge that the relevant prospective customer has determined not to use the services set forth in the relevant provided proposal or to use such services at a level other than as set forth in such provided proposal.

**(g)** Sangamo represents and warrants to Sigma that the list of prospects (if any) provided to Sigma in the Projects Side Letter represents bona fide prospects for services; that the status of discussions with such prospects (if any) disclosed in the Projects Side Letter fairly presents the status of discussions; and that Sangamo has no knowledge to the contrary.

**(h)** Sangamo shall receive no payment or other consideration from Sigma with respect to the services that Sangamo provides pursuant to this Section 6.1, other than the consideration that Sangamo is to receive pursuant to Article 7, including but not limited to the payment to Sangamo of royalties pursuant to Section 7.7.

**(i)** For purposes of clarity, the Parties confirm that Sangamo's activities pursuant to this Section 6.1 are in addition to its obligations under Article 4, and further confirm that costs and expenses incurred by Sangamo in the performance of its obligations under this Section 6.1 shall not constitute Research Costs.

**6.2 Supply of Supplied ZFNs for Customs Projects.** Until such time as the transfer of manufacturing technology from Sangamo to Sigma as set out in Section 6.3 has been completed, Sangamo shall (i) Manufacture and supply to Sigma Active Supplied ZFNs and/or cell lines having the genomic modifications requested pursuant to Section 6.2(a) (**"Modified Cell Lines"**), and (ii) provide such other collaborative services reasonably necessary for the performance by Sigma of the Custom Projects as set out in Section 6.1 as well as such additional custom service arrangements as Sigma subsequently undertakes to perform. Such Manufacture and supply shall be pursuant to the following terms and conditions:

**(a)** Sigma shall from time-to-time issue purchase orders to Sangamo

identifying the Manufacture and supply services to be performed by Sangamo, including in the case of Modified Cell Lines the particular genomic modification desired.

**(b)** Sangamo shall use Diligent Efforts to Manufacture and supply Active Supplied ZFNs and/or Modified Cell Lines pursuant to the terms of those purchase orders that are accepted by Sangamo, which acceptance will not be unreasonably withheld. Each Active Supplied ZFN or Modified Cell Line specified in a purchase order accepted by Sangamo shall be referred to herein as a **"Custom Project Deliverable**.**"** For the avoidance of doubt, such Diligent Efforts by Sangamo shall include providing adequate resources to meet the Manufacture and supply obligations under the purchase orders. Notwithstanding the foregoing, Sangamo shall have no obligation to supply Custom Project Deliverables for more than [***]. To the extent that Sigma requests delivery of, and Sangamo agrees to supply, Custom Project Deliverables for more than [***], Sigma shall pay $[***] for each Custom Project Deliverable above such limit. To the extent that Sigma requests delivery of, and Sangamo agrees to supply, Custom Project Deliverables for more than [***], Sigma shall pay $[***] for each Custom Project Deliverable above such limit. To the extent that Sigma requests delivery of, and Sangamo agrees to supply, Custom Project Deliverables for more than [***], Sigma shall pay $[***] for each Custom Project Deliverable above such limit.

**(c)** The JSC shall establish a delivery date for each Custom Project Deliverables, taking into account both Sangamo's interest in having manageable Manufacture and supply obligations and Sigma's interest in expanding its market and satisfying customer demand and requirements. The Parties anticipate that the lead time for each Custom Project Deliverable will initially be approximately [***]. The Parties agree to cooperate in good faith with a goal of reducing such lead time during the term of this Agreement.

**(d)** Sangamo shall receive no payment or other consideration from Sigma with respect to the services that Sangamo provides pursuant to this Section 6.2, other than the consideration set forth in Section 6.2(b) and the consideration that Sangamo is to receive pursuant to Article 7, including but not limited to the payment to Sangamo of royalties pursuant to Section 7.7.

**(e)** For purposes of clarity, the Parties confirm that Sangamo's activities

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

pursuant to this Section 6.2 are in addition to its obligations under Article 4, and further confirm that costs and expenses incurred by up to one (1) Sangamo FTE in the performance of Sangamo's obligations under this Section 6.2 shall constitute Research Costs.

**6.3 Transfer of Manufacturing Technology.** At any time following the Effective Date, Sigma may direct that Sangamo transfer the Manufacturing technology then in Sangamo's possession and Control either to Sigma or to a Contract Manufacturer selected by Sigma and approved by Sangamo, such approval not to be unreasonably withheld, as provided in Exhibit G. The costs and expenses incurred by Sangamo in carrying out such transfer shall be included in Sangamo's Research Costs; [***] Sangamo's obligations under Section 6.2 shall cease upon completion of the Information transfer contemplated by this Section 6.3. The Parties confirm their intent to complete the Information transfer contemplated by this Section 6.3 on or about the third anniversary of the Effective Date.

**6.4 Technology Escrow.** Within thirty (30) days of the Effective Date, Sangamo shall deposit in escrow with a Third Party escrow company (i) [***] (collectively, the "**Escrow Materials**"). Sangamo will update the Escrow Materials every [***] thereafter. In addition, Sangamo shall update the Escrow Materials at [***] solely to the extent necessary to replace existing [***] with any replacement versions generated pursuant to the Library Side Letter. The costs of establishing and maintaining such escrow shall be borne entirely by Sigma. Sigma may access and use the Escrow Materials upon occurrence of any of the following events:

(a) the adjudication of Sangamo as a bankrupt by any court of competent jurisdiction;

(b) the appointment of a trustee or receiver (or similar official) of all or a substantial part of the property of Sangamo under the federal Bankruptcy Act or any state court receivership proceedings, whether voluntary or involuntary, which appointment, if involuntary, is not removed within sixty (60) days;

(c) the liquidation of Sangamo or its failure to continue in business (except in the event that such business has been acquired or assumed by another entity);

(d) the filing by Sangamo of a voluntary petition in bankruptcy, or the consent

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

to, or failure to dismiss within the time prescribed by law, of any bankruptcy proceedings instituted against it; or

(e) refusal by Sangamo to allocate resources to Manufacture Supplied ZFNs for a period of 30 consecutive days or more or other breach of Sangamo's obligations pursuant to this Article 6.

The technology escrow shall end, and the Escrow Materials shall be returned to Sangamo upon the earlier of termination of this Agreement or completion of the Manufacturing technology transfer described in Section 6.3.

## ARTICLE 7

## FINANCIAL TERMS

**7.1 Equity.** Subject to the terms of a separate stock purchase agreement executed no later than thirty (30) days after the Effective Date (and other agreements and related documents executed pursuant thereto), Sangamo shall issue to Sigma, and Sigma shall purchase, one million shares of Sangamo common stock at a price per share equal to the average closing price of such stock as quoted on the Nasdaq Global Market for the thirty (30) trading days prior to entry into such stock purchase agreement.

**7.2 License Fee**. In consideration for the licenses to Sangamo Technology set forth in Article 2, Sigma shall pay Sangamo the following license fees:

**(a)** within [***] of the Effective Date, an amount equal to the difference between (i) twelve million five hundred thousand dollars ($12,500,000) and (ii) the consideration paid by Sigma pursuant to Section 7.1;

**(b)** within [***] of the Effective Date, one million dollars ($1,000,000);

**(c)** within [***] of the Effective Date, one million dollars ($1,000,000); and

**(d)** within [***] of the Effective Date, one million dollars ($1,000,000).

---

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

For the avoidance of doubt, the total amount payable by Sigma pursuant to Section 7.1 and this Section 7.2 shall in no event exceed fifteen million five hundred thousand dollars ($15,500,000). The license fee payments made by Sigma to Sangamo pursuant to this Section 7.2 shall be noncreditable and nonrefundable.

**7.3 Development Milestone Payments.**

**(a)** Sigma shall make each of the milestone payments indicated below to Sangamo in accordance with this Section 7.3 upon the first occurrence of the indicated milestone event:

**(i)** $[***] upon the later to occur of (A) Sangamo's achievement, by [***], of a Quarter Throughput Rate of at least [***] Validated Supplied ZFNs; (B) delivery of at least [***] Active Supplied ZFNs to Sigma, of which at least [***] Validated Supplied ZFNs, as documented by written evidence provided to Sigma; and (C) Sangamo's completion of the transfer to Sigma of the Validated Process used by Sangamo to achieve such Quarter Throughput Rate;

**(ii)** $[***] within ninety (90) days after the achievement of the milestone set forth in Section 7.3(a)(i) unless, despite Sigma's Diligent Efforts, Sigma is unable to replicate during such ninety (90) day period the Validated Process transferred to Sigma pursuant to Section 7.3(a)(i), as shown by written evidence provided to Sangamo;

**(iii)** $[***] upon the later to occur of (A) Sangamo's achievement, by the [***], of a Quarter Throughput Rate of at least [***] Validated Supplied ZFNs; (B) delivery of at least [***] Active Supplied ZFNs to Sigma, of which at least [***] Validated Supplied ZFNs, as documented by written evidence provided to Sigma; and (C) Sangamo's completion of the transfer to Sigma of the Validated Process used by Sangamo to achieve such Quarter Throughput Rate;

**(iv)** $[***] within ninety (90) days after the achievement of the milestone set forth in Section 7.3(a)(iii) unless, despite Sigma's Diligent Efforts, Sigma is unable to reproduce during such ninety (90) day period the Validated Process transferred to Sigma pursuant to Section 7.3(a)(iii), as shown by written evidence provided to Sangamo;

---

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

**(v)** $[***] upon the later to occur of (A) Sangamo's achievement, by the [***], of a Quarter Throughput Rate of at least [***] Validated Supplied ZFNs; (B) delivery of at least [***] Active Supplied ZFNs to Sigma, of which at least [***] Validated Supplied ZFNs, as documented by written evidence provided to Sigma; and (C) Sangamo's completion of the transfer to Sigma of the Validated Process used by Sangamo to achieve such Quarter Throughput Rate; and

**(vi)** $[***] within ninety (90) days after the achievement of the milestone set forth in Section 7.3(a)(v) unless, despite Sigma's Diligent Efforts, Sigma is unable to reproduce during such ninety (90) day period the Validated Process transferred to Sigma pursuant to Section 7.3(a)(v), as shown by written evidence provided to Sangamo.

**(b)** For the purpose of this Section 7.3, the **"Quarter Throughput Rate"** means the number of Validated Supplied ZFNs that can be generated during a ninety (90) day period by performing (from start to finish during such period) both the Manufacturing of Active Supplied ZFNs and the Validated Process with respect thereto, [***]

**(c)** The Parties agree that the transfer of a Validated Process to Sigma, as contemplated by this Section 7.3, shall include both the transfer to Sigma of reasonably detailed written documentation describing the Validated Process and a live demonstration by Sangamo to Sigma personnel of Validated Process on a single Target and a single cell line. The JSC shall establish technical requirements with respect to the content of such written documentation and each such live demonstration, as well as objective criteria for determining whether the transfer of the Validated Process to Sigma has been completed for the purpose of triggering the milestone payments set forth in Section 7.3(a).

**(d)** Sigma shall pay the indicated amounts within thirty (30) days of achievement of the milestone. For clarity, in the event that Sangamo achieves the milestone described in Section 7.3(a)(iii), Sangamo shall be deemed to have achieved the milestone set forth in Section 7.3(a)(i) (if not previously achieved), and in the event that Sangamo achieves the milestone described in Section 7.3(a)(v), Sangamo shall be deemed to have achieved the milestones set forth in Sections 7.3(a)(i) and 7.3(a)(iii) (if not previously achieved). For further clarity, achievement of the milestone described in Section 7.3(a)(iv) shall trigger the milestone

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

payment set forth in Section 7.3(a)(ii) (if not previously paid), and achievement of the milestone described in Section 7.3(a)(vi) shall trigger the milestone payments set forth in Sections 7.3(a)(ii) and 7.3(a)(iv) (if not previously paid).

**(e)** In no event will the total amount of milestone payments paid by Sigma pursuant to this Section 7.3 exceed five million dollars ($5,000,000). All payments made by Sigma to Sangamo pursuant to this Section 7.3 shall be noncreditable and nonrefundable.

**7.4 Commercial Milestone Payments.** Sigma shall make each of the milestone payments indicated below to Sangamo within thirty (30) days after aggregate, cumulative Net Sales of all Licensed Products in the Territory first reach the corresponding dollar values.

| Aggregate, Cumulative Net Sales (Worldwide) | Payment |
|---|---|
| $ [***] | $ [***] |
| $ [***] | $ [***] |
| $ [***] | $ [***] |
| $ [***] | $ [***] |

In no event will the total amount of milestone payments paid by Sigma pursuant to this Section 7.4 exceed seventeen million dollars ($17,000,000).

**7.5 Minimum Annual Payments.**

**(a)** Sigma shall pay to Sangamo on or before each anniversary of the Effective Date up to and including the tenth anniversary of the Effective Date, the minimum annual payment obligation set forth in this Section 7.5 with respect to such anniversary. Such payment obligation for a particular anniversary shall be reduced (but not below zero) by (i) any royalties owed to Sangamo pursuant to Section 7.7 with respect to sales in the first quarter of the calendar year in which such anniversary occurs or (ii) any payments owed to Sangamo pursuant to Section 7.6 with respect to Sublicensing Revenue received by Sigma during the first quarter of such calendar year. Each payment made by Sigma pursuant to this Section 7.5 is referred to as a

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

"**Minimum Annual Payment**."

| Anniversaries of the Effective Date | Minimum Annual Payment Obligation |
|---|---|
| First, Second, Third | $[***] |
| Fourth, Fifth, Sixth, Seventh | $[***] |
| Eighth, Ninth, Tenth | $[***] |

**(b)** Each Minimum Annual Payment made by Sigma to Sangamo pursuant to this Section 7.5 shall be nonrefundable but fully creditable against (i) any royalties owed to Sangamo pursuant to Section 7.7 with respect to sales in the second, third, and fourth quarters of the calendar year in which such Minimum Annual Payment was made or (ii) any payments owed to Sangamo pursuant to Section 7.6 with respect to Sublicensing Revenue received by Sigma during the second, third, and fourth quarters of such calendar year.

**(c)** For the avoidance of doubt, the failure of Sigma to achieve a level of Net Sales in any year triggering payment of a Minimum Annual Payment for such year shall not be deemed to be a breach of any obligation of Sigma under this Agreement.

**7.6 Sublicensing Revenues**. Within forty-five (45) days after the end of each calendar quarter up to and including the calendar quarter in which the second anniversary of the Effective Date falls, Sigma shall pay Sangamo an amount equal to fifty percent (50%) of the Sublicensing Revenues received by Sigma during such calendar quarter. Within forty-five (45) days after the end of each calendar quarter thereafter, Sigma shall pay Sangamo an amount equal twenty-five percent (25%) of the Sublicensing Revenues received by Sigma during such calendar quarter. Each Sublicensing Revenue payment shall be accompanied by a statement itemizing the amount and type (e.g., license fee, milestone payment, etc.) of each payment received by Sigma from each Sublicensee during the relevant calendar quarter. The Sublicensing Revenue payments made by Sigma to Sangamo pursuant to this Section 7.6 shall be noncreditable (except as set forth in Section 7.5) and nonrefundable.

**7.7 Royalties**

**(a)** Sigma shall pay royalties to Sangamo on Net Sales of each Licensed Products as follows:

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

**(i)** at the rate of [***] of Net Sales of Licensed Product in any country where the creation, development, manufacture, use or sale of such Licensed Product is covered by a Valid Claim or where no Third Party is selling a product or service for use in the Field that competes with such Licensed Product (which competition, for clarity, will be assessed on a product-by-product or service-by-service basis and, solely in the case of products, shall require that such product and such Licensed Product involve the targeting of the same gene (whether or not such targeting is accomplished by the same mechanism));

**(ii)** at the rate of [***] of Net Sales of Licensed Products in all other cases.

**(b)** All royalties due under this Section 7.7 shall be paid quarterly, on a country-by-country basis, within sixty (60) days of the end of the relevant calendar quarter for which royalties are due. Such royalty payments shall be noncreditable (except as set forth in Section 7.5) and nonrefundable.

**(c)** Sangamo's right to receive royalties under this Section 7.7 with respect to a particular country shall continue, on a Licensed Product-by-Licensed Product basis, for the longer of (i) [***] (ii) the [***] anniversary of the Effective Date.

**(d)** Each royalty payment shall be accompanied by a statement that includes sufficient information for Sangamo to understand Sigma's calculation of such royalty payment, including without limitation the number, description, and gross sales and Net Sales, by country, of each Licensed Product sold during the relevant calendar quarter. Each statement shall be deemed to be "Confidential Information" of Sigma.

**(e)** For the avoidance of doubt, no multiple royalties will be required to be paid because a Licensed Product or its manufacture, use, or sale is covered by more than one Valid Claim or patent or patent application within the Sangamo Patents or Sangamo Know-How. For the avoidance of doubt, no royalty shall be payable pursuant to Section 7.7(a)(ii) if a royalty is payable pursuant to Section 7.7(a)(i).

**7.8 Royalty Adjustment.** If there exists in any country during the Term one or more patents of a Third Party that cover ZFP Products or their use or manufacture and that would be

---

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

infringed by the making, use or sale of a Licensed Product and it is necessary for Sigma or Sangamo to obtain a royalty-bearing license from such Third Party under such patent(s) in a particular country, then Sigma shall be entitled to a credit, against the royalty payments due to Sangamo upon sales of such Licensed Product in the applicable country, in an amount equal to [***] of any royalty paid to such Third Party by Sigma (including royalties paid pursuant to Third Party Licenses) based upon the sales of the Licensed Product in such country, provided that in no event shall the royalty rate due to Sangamo to be reduced to below [***] of the applicable royalty rates set out in Section 7.7.

**7.9 Certain Payments to Sigma.**

**(a)** Sangamo shall pay Sigma an amount equal to the Sigma Share of any Clinical Development Payment received by Sangamo under a Sangamo Collaboration. All payments under this Section 7.9(a) shall be due no later than thirty (30) days after the end of the calendar quarter in which Sangamo receives the applicable Clinical Development Payment.

**(b)** Sigma shall notify Sangamo in writing upon achieving each of the First Tier Milestone, Second Tier Milestone, and Third Tier Milestone. The "**Sigma Share**" shall be determined as follows:

**(i)** Except as provided in Sections 7.9(b)(ii)-(iv), the Sigma Share shall be equal to [***].

**(ii)** In the event that Sigma achieves the First Tier Milestone, then, for any Sangamo Collaborations that Sangamo enters into following Sangamo's receipt of written notice of Sigma's achievement of the First Tier Milestone and prior to Sangamo's receipt of written notice of Sigma's achievement of the Second Tier Milestone, the Sigma Share shall be equal to [***]

**(iii)** In the event that Sigma achieves the Second Tier Milestone, then, for any Sangamo Collaborations that Sangamo enters into following Sangamo's receipt of written notice of Sigma's achievement of the Second Tier Milestone and prior to Sangamo's receipt of written notice of Sigma's achievement of the Third Tier Milestone, the Sigma Share shall be equal to [***]. For clarity, achievement and/or notice of the Second Tier Milestone shall

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

not affect the Sigma Share applicable to any Sangamo Collaborations entered into prior to Sangamo's receipt of written notice of Sigma's achievement of the Second Tier Milestone.

**(iv)** In the event that Sigma achieves the Third Tier Milestone, then, for any Sangamo Collaborations that Sangamo enters into following Sangamo's receipt of written notice of Sigma's achievement of the Third Tier Milestone, the Sigma Share shall be equal to [***]. For clarity, achievement and/or notice of the Third Tier Milestone shall not affect the Sigma Share applicable to any Sangamo Collaborations entered into prior to Sangamo's receipt of written notice of Sigma's achievement of the Third Tier Milestone.

**7.10 Payments for Third Party Licenses.**

**(a) Sangamo Responsibilities**. 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 as of the Effective Date (including any post-Effective Date amendments of such Third Party Licenses) on account of (i) the grant to Sigma of the licenses set forth in Section 2.1 or (ii) the generation, development and/or commercialization of Licensed Products by Sigma, but excluding any payments for which Sigma is responsible pursuant to Section 7.10(b). Sangamo and Sigma shall cooperate and provide such exchange of information as reasonably necessary to enable Sigma to provide, at least ten (10) days in advance of the applicable due date, with all information reasonably required by or useful to Sangamo to (A) ascertain when milestone payments are owed under Third Party Licenses, (B) calculate the amounts of royalty payments due under Third Party Licenses, and (C) provide required reports.

**(b) Sigma Responsibilities.** Sigma shall be responsible for paying (i) any sublicense issuance and sublicense maintenance fees owed to Third Parties pursuant to Third Party Licenses on account of the grant of a sublicense by Sigma or its sublicensees and (ii) all milestones, royalties and other compensation owed to Third Parties pursuant to post-Effective Date Third Party Licenses on account of (A) the grant to Sigma of the licenses set forth in Section 2.1 or (B) the generation, development and/or commercialization of Licensed Products by Sigma, its Affiliates, and Sublicensees within the Field. Sigma shall provide and shall cause its Affiliates to provide Sangamo at least ten (10) days in advance of the applicable due date,

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

with all information reasonably required by or useful to Sangamo to (A) ascertain when milestone payments are owed under Third Party Licenses, (B) calculate the amounts of royalty payments due under such Third Party Licenses, and (C) provide required reports. Sangamo shall cooperate with Sigma, and shall facilitate such exchange of information, in each case as reasonably necessary to assist Sigma in complying with the foregoing obligation.

**(c) Joint Responsibilities.** Sigma and Sangamo shall reasonably allocate responsibility for paying upfront fees or license maintenance fees (i.e., fees paid in consideration for the continued license from the applicable Third Party licensor to Sangamo) owed to Third Parties pursuant to post-Effective Date Third Party Licenses. Such allocation shall take into account the relative value that the intellectual property licensed to Sangamo under the applicable Third Party License contributes to, on the one hand, the rights granted to Sigma hereunder and, on the other hand, all of Sangamo's retained rights hereunder. Sangamo and Sigma shall cooperate and provide such exchange of information as reasonably necessary with respect thereto.

**(d) Sublicense Agreements.** Sigma may structure each Sublicense Agreement so that the applicable Sublicensee shall be responsible for paying some or all of the fees and other amounts owed to Third Parties pursuant to Third Party Licenses. If Sigma elects to structure a Sublicense Agreement in this manner, Sigma shall collect the relevant payments and reports from the applicable Sublicensee and shall pay to Sangamo all such payments and shall provide Sangamo with any corresponding reports at least ten (10) days in advance of the applicable due date. For the avoidance of doubt, regardless of whether or not Sigma makes a Sublicensee responsible for fees and other amounts owed to Third Parties pursuant to Third Party Licenses, Sigma shall remain responsible for making any payments required by Section 7.10(b) and (c).

**7.11 Payment Method**. All payments due under this Agreement shall be made by bank wire transfer in immediately available funds to an account designated by the Party to receive such payment or by a Party's check payable to the receiving Party at such address as furnished by the receiving Party from time to time. All payments hereunder shall be made in United States dollars.

**7.12 Taxes**. The Party receiving payment hereunder shall pay any and all taxes levied on account of all payments it receives under this Agreement. If laws or regulations require that taxes be withheld, the Party making payment will (a) deduct those taxes from the remittable payment, (b) pay the taxes to the proper taxing authority, and (c) send evidence of the obligation together with proof of tax payment to the Party receiving payment within thirty (30) days following that tax payment.

**7.13 Foreign Exchange**. Conversion of sales recorded in local currencies to United States dollars will be performed in a manner consistent with the Party making payments normal practices used to prepare its audited financial statements for internal and external reporting purposes, which uses a widely accepted source of published exchange rates.

**7.14 Records; Inspection**. Each Party shall keep complete, true and accurate books of account and records for the purpose of determining the payments to be made or received under this Agreement, including without limitation records of Net Sales necessary to verify payments made under Section 7.7 and to verify the achievement of the First Tier Milestone, Second Tier Milestone, and Third Tier Milestone under Section 7.9. Such books and records shall be kept for at least three (3) calendar years following the end of the calendar quarter to which they pertain. Such records will open for inspection during such three (3) calendar year period by independent accountants reasonably acceptable to the Party whose records are being inspected, solely for the purpose of verifying payment statements hereunder. Such inspections shall be made no more than once each calendar year, at reasonable time and on reasonable notice. Inspections conducted under this Section 7.14 shall be at the expense of the inspecting Party, unless such inspection reveals an underpayment by, or overpayment to, the Party whose records were inspected that exceeds five percent (5%) of the amount paid by or to such Party whose records are inspected as the case may be for any period covered by the inspection is established in the course of such inspection, whereupon all costs relating to the inspection for such period will be paid promptly by the Party whose records were inspected. The Party whose records were inspected shall promptly pay to the inspecting Party any unpaid amounts and/or refund to the inspecting Party any excess payments made by the inspecting Party (in each case, plus interest) that are discovered as a result of an inspection hereunder.

**7.15 Interest**. If a Party fails to make any payment due under this Agreement, then interest shall accrue on a daily basis at a rate equal to [***] above the then-applicable prime commercial lending rate of CitiBank, N.A., San Francisco, California, or at the maximum rate permitted by applicable law, whichever is the lower.

**7.16 Additional Provisions.** For the avoidance of doubt, and subject to Section 10.4(c), Sigma shall not be obligated to make any payment pursuant to this Agreement following the termination of this Agreement, except for amounts payable under Sections 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7 which have fully accrued prior to such termination; termination shall not give rise to prorating of any such payment that is not fully accrued at the time of termination. For clarity, any payments payable under Section 6.2(a) shall be fully accrued upon delivery of the applicable Custom Project Deliverable; any payments due under Section 6.3 shall be fully accrued upon Sangamo incurring the applicable reimbursable costs or expenses; any payments payable under Section 7.9 shall be fully accrued upon Sangamo's receipt of the applicable Clinical Development Payment; any payments payable under Section 7.10(b) shall be deemed to have been fully accrued prior to termination to the extent that the triggering event occurred prior to termination and the corresponding payment obligation to the relevant Third Party licensor comes due prior to, or remains due despite, termination of this Agreement; any milestone payments payable under Section 7.3 or 7.4 shall be fully accrued upon achievement of the applicable milestone event; any payments payable under Section 7.6 shall be fully accrued upon Sigma's receipt of the applicable Sublicensing Revenue; and any royalty payments payable under Section 7.7 shall be fully accrued on the date of the relevant invoice or other billing giving rise to Net Sales.

## ARTICLE 8

## INTELLECTUAL PROPERTY

**8.1 Disclosure of Improvements; Ownership of Intellectual Property.**

**(a)** At a regular interval to be agreed by the Parties (but no less than two times per Year) during the Term, the Parties shall disclose to each other the making, development, conception, or reduction to practice of all Improvements, to extent that any of the foregoing were

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

made, developed, conceived, or reduced to practice since the previous new invention disclosure.

**(b)** Ownership of the Sangamo Know-How and Sangamo Patents shall be and remain vested at all times in Sangamo, subject to the license granted to Sigma pursuant to Section 2.1.

**(c)** Sigma Improvements and Sigma Improvement Patents shall be owned by Sigma, subject to the license granted to Sangamo pursuant to Section 2.3.

**(d)** Joint Inventions and Joint Patents shall be jointly owed by Sigma and Sangamo, with each Party having an undivided one-half interest in each Joint Invention and Joint Patent, subject to the licenses granted pursuant to Sections 2.1 and 2.3. Each Party may practice and grant licenses under each Joint Invention and Joint Patent without the consent of, or a duty of accounting to, the other Party, provided that such practice and licenses are consistent with such Party's rights under this Agreement. For the avoidance of doubt, Joint Inventions that are not Joint Improvements, and Joint Patents that are not Joint Improvement Patents shall not be subject to the rights and licenses set out in Sections 2.1 and 2.3.

**(e)** Ownership of Improvements made by Sublicensees will be governed by the applicable Sublicense Agreement, but shall in every case be subject to the license granted to Sangamo pursuant to Section 2.2(b)(ii).

**8.2 Employees; Cooperation**.

**(a)** Each Party represents and agrees that all employees or others acting on its behalf in performing its obligations under this Agreement shall be obligated under a binding written agreement to assign to such Party all inventions (and all related intellectual property) made or conceived by such employee or other person during and in connection with the Research Plan Collaboration. The Parties agree to undertake to enforce such agreements (including, where appropriate, by legal action) considering, among other things, the commercial value of such inventions.

**(b)** The Party responsible for filing, prosecution, or maintenance of a particular Sangamo Patent, Improvement Patent, or Joint Patent pursuant to Section 8.3, 8.4, or

8.5 (the **"Filing Party"**) shall consult with and keep other Party (the **"Non-Filing Party"**) fully informed of all issues relating to the preparation, filing, prosecution and maintenance of such patent, and shall furnish to the Non-Filing Party copies of all documents received from, and filed in, the applicable Patent Office. The Filing Party shall provide to the Non-Filing Party copies of documents relevant to such preparation, filing, prosecution or maintenance in sufficient time prior to filing such document or making any payment due thereunder to allow for review and comment by the Non-Filing Party, and the Filing Party shall consider such comments in good faith.

**8.3 Filing, Prosecution and Maintenance of Sangamo Patents.**

**(a)** As between the Parties, Sangamo shall have the first right to file, prosecute, and/or maintain the Sangamo Patents (other than Joint Patents), for which it shall bear all associated costs and expenses.

**(b)** Should Sangamo decide not to file or continue prosecuting or maintaining a particular Sangamo Patent (other than a Joint Patent), it shall notify Sigma in writing promptly after such decision is made and not less than sixty (60) days prior to any applicable deadline. Thereafter, to the extent that no Third Party has a right to assume the prosecution and maintenance of such Sangamo Patent, Sigma may assume such prosecution and maintenance at its sole cost and expense.

**(c)** Sigma's rights under this Section 8.3 with respect to any Sangamo Patent licensed to Sangamo by a Third Party shall be subject to the rights of such Third Party to file, prosecute, and/or maintain such Sangamo Patent.

**8.4 Filing, Prosecution and Maintenance of Sigma Improvement Patents.** Sigma shall have the first right to file, prosecute, and/or maintain all Sigma Improvement Patents, for which it shall bear all associated costs and expenses. Should Sigma decide not to file or continue prosecuting or maintaining a particular Sigma Improvement Patent, it shall notify Sangamo in writing promptly after such decision is made and not less than sixty (60) days prior to any applicable deadline. Thereafter, Sangamo shall have the right, but not the obligation, to assume such filing, prosecution and maintenance at its sole cost and expense.

**8.5 Filing, Prosecution and Maintenance of Joint Patents**. Sangamo shall have the first right to file, prosecute, and/or maintain all Joint Improvement Patents. The Parties shall determine on a case-by-case basis, in good faith and by mutual agreement, the allocation of the associated costs and expenses in connection therewith, which allocation shall take into account the relative value of the applicable Joint Improvement Patent inside and outside the Field. The Parties shall determine, in good faith and by mutual agreement, which of them should reasonably assume responsibility for filing, prosecuting and maintaining other Joint Patents, and the Parties shall share equally all associated costs and expenses in connection therewith. Should either Party decide not to file or continue prosecuting or maintaining a particular Joint Patent, it shall notify the other Party in writing promptly after such decision is made and not less than sixty (60) days prior to any applicable deadline. Thereafter, the other Party shall have the right, but not the obligation, to assume such filing, prosecution and maintenance at its sole cost and expense, and if it does so, the declining Party shall assign to the other Party all its right, title and interest to any such Joint Improvement Patent or Joint Patent in the applicable country, and upon such assignment such Joint Patent in such country shall no longer be treated as a Joint Improvement Patent or Joint Patent, respectively, hereunder but may be a Sangamo Patent or Sigma Improvement Patent to the extent such former Joint Patent satisfies the definitions thereof (without giving effect to the initial parenthetical in the definition of Sigma Improvements).

**8.6 Enforcement of Sangamo Patents**

**(a)** If either Party becomes aware of any Third Party activity in the Field (and outside the Plant Field) that infringes a Sangamo Patent or any legal filing made by a Third Party with a court or administrative agency alleging that a Sangamo Patent is invalid or unenforceable (collectively, for the purpose of this Section 8.6, **"Infringement"**), then that Party shall give prompt written notice to the other Party regarding such infringement.

**(b)** As between the Parties, Sangamo shall have the first right, but not the obligation, to attempt to resolve such Infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice.

**(c)** If Sangamo fails to resolve such Infringement or to initiate a suit with respect thereto within one hundred twenty (120) days after delivery of the notice set forth in

Section 8.6(a), then upon Sigma's request and Sangamo's written consent (not to be unreasonably withheld), Sigma shall have the right, but not the obligation, to attempt to resolve such Infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice.

**(d)** In any event, the Party not bringing an infringement action under this Section 8.6 agrees to be joined as a party to the suit, at the request and expense of the Party bringing such action, and to provide reasonable assistance in any such action. Neither Party shall settle or otherwise compromise any such action in a way that adversely affects the other Party's intellectual property rights without such Party's prior written consent.

**(e)** Any amounts recovered by the Party taking an action pursuant to this Section 8.6, whether by settlement or judgment, shall be allocated first to reimburse each Party for any costs and expenses incurred by such Party (and not otherwise reimbursed). Any remaining recovery shall be shared by the Parties in proportion to the percentage of litigation expenses funded by each Party.

**(f)** Sigma's rights under this Section 8.6 with respect to any Sangamo Patent licensed to Sangamo by a Third Party shall be subject to the rights of such Third Party to enforce such Sangamo Patent.

**8.7 Enforcement of Sigma Improvement Patents**

**(a)** If either Party becomes aware of any Third Party activity that infringes a Sigma Improvement Patent, then that Party shall give prompt written notice to the other Party regarding such infringement.

**(b)** With respect to infringement involving Third Party activity outside the Field or in the Plant Field, Sangamo shall have the first right, but not the obligation, to attempt to resolve such infringement, whether by settlement or judgment. If Sangamo fails to resolve such infringement or to initiate a suit with respect thereto within one hundred twenty (120) days after delivery of the notice set forth in Section 8.7(a), then Sigma shall have the right, but not the obligation, to attempt to resolve such infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice.

**(c)** With respect to infringement involving Third Party activity solely in the Field (and not in the Plant Field), Sigma shall have the right, but not the obligation, to attempt to resolve such infringement or allegation, whether by settlement or judgment.

**(d)** A Party's right to initiate a patent infringement suit under this Section 8.7 shall include the right to resolve any allegation that a Sigma Improvement Patent is invalid or unenforceable brought as a counterclaim in such suit.

**(e)** In any event, the Party not bringing an infringement action under this Section 8.7 agrees to be joined as a party to the suit, at the request and expense of the Party bringing such action, and to provide reasonable assistance in any such action, at the requesting Party's expense. Neither Party shall settle or otherwise compromise any such action in a way that adversely affects the other Party's intellectual property rights without such Party's prior written consent.

**(f)** Any amounts recovered by the Party taking an action pursuant to this Section 8.7, whether by settlement or judgment, shall be allocated first to reimburse each Party for any costs and expenses incurred by such Party (and not otherwise reimbursed). Any remaining recovery shall be shared by the Parties in proportion to the percentage of litigation expenses funded by each Party.

**8.8 Enforcement of Joint Patents.**

**(a)** If either Party becomes aware of any Third Party activity that infringes a Joint Patent, then that Party shall give prompt written notice to the other Party regarding such infringement.

**(b)** With respect to infringement of a Joint Improvement Patent involving Third Party activity outside the Field or in the Plant Field:

**(i)** Sangamo shall have the right, but not the obligation, to attempt to resolve such infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice. If Sangamo institutes such a suit with respect to a Joint Patent, it will do so at its expense, and will be

entitled to keep all recoveries.

**(ii)** If Sangamo fails to resolve such infringement or to initiate a suit with respect thereto within one hundred twenty (120) days after delivery of the notice set forth in Section 8.8(a), then Sigma shall have the right, but not the obligation, to attempt to resolve such infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice. If Sigma initiates such a suit with respect to a Joint Patent it will do so at its own expense, and will be entitled to keep all recoveries.

**(c)** With respect to infringement of a Joint Improvement Patent involving Third Party activity in the Field (and not in the Plant Field):

**(i)** Sigma shall have the right, but not the obligation, to attempt to resolve such infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice. If Sigma institutes such a suit with respect to a Joint Patent, it will do so at its expense, and will be entitled to keep all recoveries.

**(ii)** If Sigma fails to resolve such infringement or to initiate a suit with respect thereto within one hundred twenty (120) days after delivery of the notice set forth in Section 8.8(a), then Sangamo shall have the right, but not the obligation, to attempt to resolve such infringement by commercially appropriate steps, including without limitation the filing of an infringement suit using counsel of its own choice. If Sangamo initiates such a suit with respect to a Joint Patent it will do so at its own expense, and will be entitled to keep all recoveries.

**(d)** If either Party becomes aware of any Third Party activity that infringes a Joint Patent other than a Joint Improvement Patent, then that Party shall give prompt written notice to the other Party regarding such infringement. The Parties shall then consult in good faith regarding such asserted infringement and the reasonable actions that the Parties may take in connection therewith.

**(e)** In any event, the Party not bringing an infringement action under this

Section 8.8 agrees to be joined as a party to the suit, at the request and expense of the Party bringing such action, and to provide reasonable assistance in any such action, at the requesting Party's expense. Neither Party shall settle or otherwise compromise any such action in a way that adversely affects the other Party's intellectual property rights without such Party's prior written consent.

**8.9 Defense of Third Party Infringement Claims.** If a Third Party asserts that a patent or other right Controlled by it is infringed by activities in the Field or a Party becomes aware of a patent or other right that might form the basis for such a claim, the Party first obtaining knowledge of such a claim or such potential claim shall immediately provide the other Party with notice thereof and the related facts in reasonable detail. The Parties shall discuss the merits of such claim or potential claims and shall attempt, if they determine doing so to be reasonably appropriate, in good faith to mutually agree whether to obtain a license from such Third Party. If the intellectual property pertains to ZFP Products both inside and outside the Field, then, as between the Parties, Sangamo shall be the party that enters into any license agreement with such Third Party and Sigma shall be entitled to a sublicense in the Field under such license agreement (or any license agreement entered into by Sangamo hereunder that pertains to ZFP Products in the Field) if it follows the procedures therefor set forth in Section 2.6(d) and/or 2.6(e) (as applicable). If the intellectual property pertains to ZFP Product inside but not outside the Field, then Section 2.6(b) shall apply. In the event that Sigma is the party that enters into a license agreement with such Third Party, Sigma shall be responsible for amounts payable with respect to any such license; provided, however, that royalties paid by Sigma pursuant to such license shall be creditable pursuant to Section 7.8 to the extent such royalties satisfy the terms thereof. Neither Party shall be required to conduct any work under this Agreement which it believes in good faith may infringe Third Party patent or other intellectual property rights. Except as set forth in Article 12 or otherwise agreed in writing by the Parties, each Party shall control and bear the expense of its own defense of such Third Party claim. The parties shall discuss with each other on a regular basis all actions under and pursuant to this Section 8.9 in order to endeavor in good faith to resolve any situation hereunder in a manner reasonably satisfactory to both parties.

## ARTICLE 9

## CONFIDENTIALITY

**9.1 Nondisclosure of Confidential Information**. All Information disclosed by one Party to the other Party pursuant to this Agreement shall be "**Confidential Information**" for all purposes hereunder. The Parties agree that during the term of this Agreement and for a period of seven (7) years thereafter, a Party receiving Confidential Information of the other Party will (a) use commercially reasonable efforts to maintain in confidence such Confidential Information (but not less than those efforts as such Party uses to maintain in confidence its own proprietary industrial information of similar kind and value) and not to disclose such Confidential Information to any Third Party without prior written consent of the other Party, except for disclosures made in confidence to any Third Party under terms consistent with this Agreement and made in furtherance of this Agreement or of rights granted to a Party hereunder, and (b) not use such other Party's Confidential Information for any purpose except those permitted by this Agreement (it being understood that this subsection (b) shall not create or imply any rights or licenses not expressly granted under Article 2). In any event, the Parties agree to take all reasonable action to avoid disclosure of Confidential Information except as permitted hereunder.

**9.2 Exceptions**. The obligations in Section 9.1 shall not apply with respect to any portion of the Confidential Information that the receiving Party can show by competent written proof:

**(a)** is publicly disclosed by the disclosing Party, either before or after it is disclosed to the receiving Party hereunder; or

**(b)** was known to the receiving Party or any of its Affiliates, without obligation to keep it confidential, prior to disclosure by the disclosing Party; or

**(c)** is subsequently disclosed to the receiving Party or any of its Affiliates by a Third Party lawfully in possession thereof and without obligation to keep it confidential; or

**(d)** is published by a Third Party or otherwise becomes publicly available or enters the public domain, either before or after it is disclosed to the receiving Party; or

**(e)** has been independently developed by employees or contractors of the receiving Party or any of its Affiliates without the aid, application or use of Confidential Information.

**9.3 Authorized Disclosure**. A Party may disclose the Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary in the following instances:

**(a)** Disclosures required by operation of law or court order (provided the Party required to disclose Confidential Information belonging to the other Party gives the other Party as much prior notice as is reasonably practicable and discloses only such information as it is obligated to); and

**(b)** disclosures in connection with the performance of this Agreement to Affiliates and then-current and potential collaborators, partners, licensees, research collaborators, investment bankers, investors, lenders, acquirers, employees, consultants, agents, customers, sublicensees, and contractors, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 9.

**9.4 Terms of Agreement.** The Parties acknowledge that the terms of this Agreement shall be treated as Confidential Information of both Parties. Such terms may be disclosed by a Party to individuals or entities covered by Section 9.3(b) above, each of whom prior to disclosure must be bound by similar obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 9. In addition, a copy of this Agreement may be filed by either Party with the Securities and Exchange Commission. In connection with any such filing such Party shall endeavor to obtain confidential treatment of economic and trade secret information, and shall keep the other Party informed as the planned filing (including, but not limited to providing the other Party with the proposed filing reasonably in advance of making the planned filing) and consider the requests of the other Party regarding such confidential treatment. With respect to any Third Party License that requires Sangamo to provide to the applicable Third Party licensor a copy of this Agreement or a summary of the terms of this Agreement, Sangamo may provide such copy or summary to such Third Party licensor in confidence.

**9.5 Termination of Prior Agreements**. This Agreement supersedes the Confidential Disclosure Agreement between Sangamo and the Biotechnology Division of Sigma-Aldrich Corporation, dated August 24, 2006. All Information exchanged between the Parties under such earlier agreement shall be deemed Confidential Information of the disclosing Party and shall be subject to the terms of this Article 9.

**9.6 Publicity**. The Parties agree that the public announcement of the execution of this Agreement shall be substantially in the form of the press release attached as Exhibit E. Any other publication, news release or other public announcement relating to this Agreement or to the performance hereunder, shall first be reviewed and approved by both Parties, and neither Party shall use the other Party's name in any such public disclosure without such other Party's prior written consent. Notwithstanding the foregoing, any disclosure which is required by law as advised by the disclosing Party's counsel may be made without the prior consent of the other Party, although the other Party shall be given prompt notice of any such legally required disclosure and to the extent practicable shall provide the other Party an opportunity to comment on the proposed disclosure. The foregoing shall not be construed to prevent or restrict Sigma from making such public disclosures as it considers reasonably appropriate with respect to the marketing and sales of Licensed Products and Licensed Services; for the avoidance of doubt, notice to or approval by Sangamo of such public disclosures shall not be required (subject, however, to any applicable terms of Sections 9.1-9.4 and the restriction set forth above on the use of Sangamo's name).

**9.7 Publications**. Subject to Section 9.3, each Party agrees to provide the other Party the opportunity to review any proposed abstracts, manuscripts or presentations (including verbal presentations) which relate to the use of Licensed Products in the Field at least thirty (30) days prior to its intended submission for publication (or in the case of public disclosures by Sigma for the marketing and sales of Licensed Products and Licensed Services, seven (7) days) and agrees, upon request, not to submit any such abstract or manuscript for publication until the other Party is given a reasonable period of time to secure patent protection for any material related to such publication which it believes to be patentable. Both Parties understand that a reasonable commercial strategy may require delay of publication of information or filing of patent applications. The Parties agree to review and consider delay of publication and filing of patent

applications under certain circumstances. The JSC will review such requests and recommend subsequent action. Neither Party shall have the right to publish or present Confidential Information of the other Party which is subject to Section 9.1.

**9.8 Patents.** If disclosure of Confidential Information of one Party is necessary or useful in prosecution of a patent application being prosecuted by the other Party, the Party to whom the Confidential Information belongs will, on request, consider permitting use of the information and will provide the requesting party with a decision without undue delay.

## ARTICLE 10

## TERM AND TERMINATION

**10.1 Term**. This Agreement shall become effective on the Effective Date and shall expire upon the last payment obligation as provided in Article 7, unless earlier terminated in accordance with Section 10.2 or 10.3.

**10.2 Termination at Will**. Sigma may terminate this Agreement in its entirety at any time by providing ninety (90) days written notice thereof to Sangamo. Such termination shall have the following effects:

**(a)** all licenses and rights granted to Sigma under this Agreement (including without limitation the licenses and rights set forth in Section 2.1) shall terminate;

**(b)** all sublicenses granted by Sigma or its sublicensees under the licenses and rights granted to Sigma under this Agreement shall terminate;

**(c)** Sigma shall grant to Sangamo and its Affiliates a worldwide, fully paid, perpetual, irrevocable, non-exclusive license (with the right to sublicense) to practice the Sigma Improvements (and any patents and patent applications claiming Sigma Improvements) for all purposes in the Field; and

**(d)** Sigma shall provide Sangamo with a complete and accurate list of (i) all

projects in which Sigma, a Sigma Affiliate, or a Sublicensee (to the extent of Sigma's knowledge) practiced the Sangamo Technology in the Field prior to the termination effective date and (ii) all Licensed Products in existence as of the effective date of termination.

**10.3 Termination for Material Breach.**

**(a)** If either Party believes that the other Party is in material breach of this Agreement (including without limitation any material breach of a representation or warranty made in this Agreement), then the non-breaching Party may deliver notice of such breach to the other Party. In such notice the non-breaching Party shall identify the actions or conduct that such Party would consider to be an acceptable cure of such breach. For all breaches other than a failure to make a payment set forth in Article 7, the allegedly breaching Party shall have sixty (60) days to either cure such breach. For any breach arising from a failure to make a payment set forth in Article 7, the allegedly breaching Party shall have thirty (30) days to cure such breach.

**(b)** If the Party receiving notice of breach fails to cure such breach within the 60-day period or 30-day period (as applicable), the Party originally delivering the notice may terminate this Agreement upon written notice.

**(c)** If a Party gives notice of termination under this Section 10.3 and the other Party disputes in good faith whether such notice was proper, then the issue of whether this Agreement has been terminated shall be resolved in accordance with Section 13.1. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be deemed to have been effective if the breaching Party fails thereafter to cure such breach in accordance with the determination made in the resolution process under Section 13.1 within the time period set forth in Section 10.3(a) for the applicable breach following such determination. If as a result of such dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall have remained in effect.

**(d)** Termination of this Agreement pursuant to this Section 10.3 shall have the following effects:

**(i)** all licenses and rights granted to Sigma under this Agreement

(including without limitation the licenses and rights set forth in Section 2.1) shall terminate;

**(ii)** all sublicenses granted by Sigma or its sublicensees under the licenses and rights granted to Sigma under this Agreement shall terminate;

**(iii)** the rights and obligations of the Parties set forth in Section 10.2(d) shall apply;

**(e)** if terminated as a result of breach by Sigma, the rights and obligations of the Parties set forth in Section 10.2(c) shall also apply; and

**(f)** if terminated as a result of breach by Sangamo, all licenses and rights granted to Sangamo as set forth in Section 2.3(b) shall terminate.

**10.4 Effect of Termination; Survival.**

**(a)** In addition to the specific items identified as effects of termination pursuant to Section 10.2 or 10.3, the following provisions of this Agreement shall survive any expiration or termination of this Agreement, regardless of cause: Sections 2.3(b), 6.4 (last sentence only), 7.14, 7.15, 7.16, 8.1, 8.4 (except in the case of termination pursuant to Section 10.3 as a result of a breach by Sangamo), 8.5, 8.7 (except in the case of termination pursuant to Section 10.3 as a result of a breach by Sangamo), 8.8, 10.2, 10.3, 10.4, 13.1, 13.2, 13.3, 13.8, 13.11, 13.17, and 13.18, and Articles 9 (other than Sections 9.7 and 9.8) and 12.

**(b)** In any event, termination of this Agreement shall not relieve the Parties of any liability which accrued hereunder prior to the effective date of such termination nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation.

**(c)** In the event this Agreement is terminated for any reason, Sigma shall cease, and shall cause its Affiliates and sublicensees to cease, all development and commercialization of Licensed Products, and Sigma shall not use or practice, nor shall it cause or permit any of its Affiliates or such sublicensees to use or practice, directly or indirectly, any

Sangamo Technology; provided, however, that Sigma shall have a six-month period following termination to sell inventory of Licensed Products existing as of the date of termination and perform previously agreed-upon Licensed Services subject to the payment obligations set forth in Section 7.7 (subject to Sections 7.8 through 7.15).

## ARTICLE 11

## REPRESENTATIONS, WARRANTIES, AND COVENANTS

**11.1 Mutual Authority**. Sangamo and Sigma each represents and warrants to the other that: (i) it has the authority and right to enter into and perform this Agreement, (ii) this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms, subject to applicable limitations on such enforcement based on bankruptcy laws and other debtors' rights, and (iii) its execution, delivery and performance of this Agreement will not conflict in any material fashion with the terms of any other agreement or instrument to which it is or becomes a party or by which it is or becomes bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.

**11.2 Performance by Affiliates**. The Parties recognize that each may perform some or all of its obligations, or exercise some or all of its rights, under this Agreement through Affiliates (without any requirement that such Affiliates be granted an express sublicense under any licenses granted by the other Party), provided, however, that each Party shall remain responsible for and be guarantor of such performance or exercise by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance or exercise. In particular, if any Affiliate of a Party performs some or all of a Party's obligations, or exercises some or all of its rights, under this Agreement, (i) the restrictions of this Agreement which apply to the activities of a Party under this Agreement shall apply equally to the activities of such Affiliate, and (ii) the Party affiliated with such Affiliate shall assure, and hereby guarantees, that any intellectual property developed by such Affiliate shall be governed by the provisions of this Agreement (and subject to the licenses set forth in Article 2) as if such intellectual property had been developed by the Party.

**11.3 Third Party Rights.** Except as already disclosed to the other party in writing,

each Party represents and warrants to the other Party that, to its knowledge as of the Effective Date, its performance of work under the Research Plan Collaboration as contemplated by this Agreement will not infringe the patent, trade secret or other intellectual property rights of any Third Party.

**11.4 Additional Representations, Warranties and Covenants of Sangamo.**

**(a) Sangamo Know-How.** Sangamo represents and warrants with respect to those items below that pertain to current facts, and covenants with respect to those items below that pertain to future actions:

(i) that Sangamo has the full right and power to grant to Sigma the licenses under such Sangamo Know-How that are granted in Section 2.1 of this Agreement;

(ii) that such Sangamo Know-How is proprietary to Sangamo, and the conception and development of such Sangamo Know-How by Sangamo has not, to the knowledge of Sangamo as of the Effective Date, constituted or involved the misappropriation of trade secrets of any Third Party;

(iii) that Sangamo has taken commercially reasonably steps to protect those items within such Sangamo Know-How that Sangamo has decided to maintain as trade secrets, and will continue to take commercially reasonable steps to protect those items within such Sangamo Know-How that Sangamo decides to maintain as trade secrets (it being understood that Sangamo may periodically re-evaluate the value of maintaining such items as trade secrets as opposed to pursuing patent protection therefor or permitting strategic disclosure thereof); and

(iv) that, to the knowledge of Sangamo as of the Effective Date, no pending claim has been brought by any person or entity alleging that the Sangamo Know-How conflicts or interferes with any intellectual property or proprietary right of any Third Party.

**(b) Sangamo Patents.** With respect to the Sangamo Patents that are owned by Sangamo, Sangamo represents and warrants with respect to those items below that pertain to current facts, and covenants with respect to those items below that pertain to future actions:

(i) that it has the right to grant to Sigma the licenses under the Sangamo Patents that are granted in Section 2.1 of this Agreement;

(ii) that it is not aware, as of the Effective Date, of any written assertions of invalidity of those Sangamo Patents that issued prior to the Effective Date;

(iii) that, as of the Effective Date, it has not withheld any material references during prosecution in the United States of those United States Sangamo Patents that issued prior to the Effective Date;

(iv) that the conception, development, and reduction to practice of the inventions claimed in the Sangamo Patents has not, to the knowledge of Sangamo as of the Effective Date, constituted or involved the misappropriation or infringement of trade secrets or other intellectual property of any Third Party;

(v) that, to the knowledge of Sangamo as of the Effective Date, there are no claims, judgments, or settlements relating to the Sangamo Patents to be paid by Sangamo;

(vi) that, to the knowledge of Sangamo as of the Effective Date, no pending claim has been brought by any person or entity alleging that the Sangamo Patents conflict or interfere with any intellectual property or proprietary right of any Third Party; and

(vii) that Sangamo is not aware, as of the Effective Date, of any infringement of the Sangamo Patents by a Third Party, other than those disclosed to Sigma in writing.

**(c) Third Party Licenses.** With respect to the Third Party Licenses set forth in Exhibit B as of the Effective Date, Sangamo represents and warrants with respect to those items below that pertain to current facts, and covenants with respect to those items below that pertain to future actions:

(i) that, to its knowledge as of the Effective Date, it is not in material breach of its obligations thereunder as of the Effective Date and it will continue to perform all of its obligations thereunder that, if not performed, would have a material adverse effect on Sigma's rights under this Agreement,

(ii) that if it is unable to fulfill such obligations at any time, it will notify Sigma as soon as practicable;

(iii) that it will not voluntarily terminate any Third Party License without the consent of Sigma, such consent not to be unreasonably withheld, and it will use commercially reasonable efforts to cure any material breach of any Third Party License during the life of this Agreement;

(iv) that Sangamo has the right to grant the sublicenses thereunder to Sigma that are granted in Section 2.1 of this Agreement, except as set forth in Exhibit C;

(v) that, if Sigma cannot grant further sublicenses under a particular Third Party License, then at Sigma's request in conjunction with Sigma's entry into a Sublicense Agreement, Sangamo will grant a sublicense (within 30 days) under such Third Party License to the Sublicensee for such Sublicense Agreement on terms that are consistent with such Sublicense Agreement and that do not provide Sangamo with greater compensation than it would have received had such sublicense been granted by Sigma; and

(vi) that the conception, development, and reduction to practice of the technology licensed in the Field under Third Party Licenses is not known by Sangamo as of the Effective Date to have constituted or involved the misappropriation or infringement of trade secrets or other intellectual property of any Third Party.

**(d) Sangamo Plant Product Licenses.** Sangamo represents and warrants with respect to those items below that pertain to current facts, and covenants with respect to those items below that pertain to future actions:

(i) As of the Effective Date, the only license granted by Sangamo under the Sangamo Technology to make, use and/or sell products in the Plant Field is the Dow AgroSciences Agreement.

(ii) Sangamo hereby covenants that for so long as the licenses granted under Section 2.1 continue in effect, Sangamo will grant no further licenses under the Sangamo Technology to make, have made, use, sell, offer for sale, and import Plant Products and

Permitted Plant Products and to provide Permitted Plant Services in the Field (other than any licenses granted to Dow AgroSciences pursuant to the Dow AgroSciences Agreement).

(iii) Sangamo hereby covenants that it shall not, without Sigma's prior written consent, amend the Dow AgroSciences Agreement in any manner that has a material adverse effect on Sigma's rights under this Agreement.

**11.5 Future Discussions.**

**(a)** On written request by Sigma, Sangamo will discuss in good faith with Sigma an appropriate accommodation (which may involve a reduction in certain future payments owed to Sangamo under this Agreement) to reflect the reduced commercial value of the licenses granted to Sigma under this Agreement as a result of activity in the Field by unlicensed Third Parties that has a material adverse effect on Sigma's ability to exploit its rights under this Agreement.

**(b)** On the written request of either Party identifying changed circumstances that materially affect the benefits or burdens of such Party under this Agreement, the Parties shall discuss in good faith possible ways of addressing such changed circumstances.

**(c)** For the avoidance of doubt, if the Parties fail to agree on an appropriate accommodation under Section 11.5(a) or on a manner of addressing changed circumstances under Section 11.5(b), the Parties shall have no obligation to follow the dispute resolution procedure set forth in Section 13.1.

## ARTICLE 12

## INDEMNIFICATION

**12.1 Mutual Indemnification**. Subject to Section 12.3, each Party hereby agrees to indemnify, defend and hold the other Party, its Affiliates, its licensees, and its and their officers, directors, employees, consultants, contractors, sublicensees and agents (collectively, the "**Party Indemnitees**") harmless from and against any and all damages or other amounts payable to a Third Party claimant, as well as any reasonable attorneys' fees and costs of litigation incurred by

such Party Indemnitee as to any such Claim (as defined in this Section 12.1) until the indemnifying Party has acknowledged that it will provide indemnification hereunder with respect to such Claim as provided below (collectively, "**Damages**") to the extent resulting from claims, suits, proceedings or causes of action ("**Claims**") brought by such Third Party against such Party Indemnitee based on: (a) a breach of warranty by the indemnifying Party contained in this Agreement; (b) breach of this Agreement or applicable law by such indemnifying Party; (c) negligence or willful misconduct of a Party, its Affiliates, or (sub)licensees, or their respective employees, contractors or agents in the performance of this Agreement; and/or (d) breach of a contractual or fiduciary obligation owed by it to a Third Party (including without limitation misappropriation of trade secrets).

**12.2 Additional Indemnification**

**(a) By Sigma**. Subject to Section 12.3, Sigma hereby agrees to indemnify, defend and hold the Sangamo Indemnitees harmless from and against any and all Damages resulting from Claims brought by a Third Party to the extent resulting from the manufacture, use, handling, storage, marketing, sale or other disposition of Licensed Products by Sigma, its Affiliates, agents or sublicensees (including Sublicensees). Such indemnity obligation shall not apply to the extent such Losses result from (a) a breach of warranty by Sangamo contained in this Agreement; (b) breach of this Agreement or applicable law by Sangamo; (c) negligence or willful misconduct by Sangamo, its Affiliates, or (sub)licensees, or their respective employees, contractors or agents in the performance of this Agreement; and/or (d) breach of a contractual or fiduciary obligation owed by Sangamo to a Third Party (including without limitation misappropriation of trade secrets).

**(b) By Sangamo**. Subject to Section 12.3, Sangamo hereby agrees to indemnify, defend and hold the Sigma Indemnitees 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 by Sangamo, its agents or sublicensees. Such indemnity obligation shall not apply to the extent such Losses result from (i) a breach of warranty by Sigma contained in this Agreement; (ii) breach of this Agreement or applicable law by Sigma; (iii)

negligence or willful misconduct by Sigma, its Affiliates, or (sub)licensees, or their respective employees, contractors or agents in the performance of this Agreement; and/or (iv) breach of a contractual or fiduciary obligation owed by Sigma to a Third Party (including without limitation misappropriation of trade secrets).

**12.3 Conditions to Indemnification**. As used herein, "**Indemnitee**" shall mean a party entitled to indemnification under the terms of Section 12.1 or 12.2. It shall be a condition precedent to an Indemnitee's right to seek indemnification under such Section 12.1 or 12.2 that such Indemnitee:

**(a)** inform the indemnifying Party of a Claim as soon as reasonably practicable after it receives notice of the Claim;

**(b)** if the indemnifying Party acknowledges that such Claim falls within the scope of its indemnification obligations hereunder, permit the indemnifying Party to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the Claim (including the right to settle the claim solely for monetary consideration); provided, that the indemnifying Party shall seek the prior written consent (not to be unreasonably withheld or delayed) of any such Indemnitee as to any settlement which would materially diminish or materially adversely affect the scope, exclusivity or duration of any Patents licensed under this Agreement, would require any payment by such Indemnitee, would require an admission of legal wrongdoing in any way on the part of an Indemnitee, or would effect an amendment of this Agreement; and

**(c)** fully cooperate (including providing access to and copies of pertinent records and making available for testimony relevant individuals subject to its control) as reasonably requested by, and at the expense of, the indemnifying Party in the defense of the Claim.

Provided that an Indemnitee has complied with the foregoing, the indemnifying Party shall provide attorneys reasonably acceptable to the Indemnitee to defend against any such Claim. Subject to the foregoing, an Indemnitee may participate in any proceedings involving such Claim using attorneys of its/his/her choice and at its/his/her expense. In no event may an Indemnitee

settle or compromise any Claim for which it/he/she intends to seek indemnification from the indemnifying Party hereunder without the prior written consent of the indemnifying Party, or the indemnification provided under such Section 12.1 or 12.2 as to such Claim shall be null and void.

**12.4 Limitation of Liability**. EXCEPT FOR AMOUNTS PAYABLE TO THIRD PARTIES BY A PARTY FOR WHICH IT SEEKS REIMBURSEMENT OR INDEMNIFICATION PROTECTION FROM THE OTHER PARTY PURSUANT TO SECTIONS 12.1 AND 12.2, AND EXCEPT FOR BREACH OF SECTION 9.1 HEREOF, IN NO EVENT SHALL EITHER PARTY, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR AFFILIATES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT, OR OTHERWISE, ARISING OUT OF THIS AGREEMENT, UNLESS SUCH DAMAGES ARE DUE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LIABLE PARTY. For clarification, the foregoing sentence shall not be interpreted to limit or to expand the express rights specifically granted in the sections of this Agreement.

**12.5 Disclaimer**. EXCEPT AS PROVIDED IN ARTICLE 11 ABOVE, SIGMA EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES WITH RESPECT TO ANY RESEARCH RESULTS, DATA, OR INVENTIONS (AND ANY PATENT RIGHTS OBTAINED THEREON) IDENTIFIED, MADE OR GENERATED BY SIGMA AS PART OF THE RESEARCH PLAN COLLABORATION OR OTHERWISE MADE AVAILABLE TO SANGAMO PURSUANT TO THE TERMS OF THIS AGREEMENT. EXCEPT AS PROVIDED IN ARTICLE 11 ABOVE, SANGAMO EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND

NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES WITH RESPECT TO ANY RESEARCH RESULTS, ZFP PRODUCTS, DATA, OR INVENTIONS (AND ANY PATENT RIGHTS OBTAINED THEREON) IDENTIFIED, MADE OR GENERATED BY SANGAMO AS PART OF THE RESEARCH PLAN COLLABORATION OR OTHERWISE MADE AVAILABLE TO SIGMA PURSUANT TO THE TERMS OF THIS AGREEMENT.

## ARTICLE 13

## MISCELLANEOUS

**13.1 Dispute Resolution**. In the event of any controversy or claim arising out of, relating to or in connection with any provision of this Agreement, other than a dispute addressed in Section 13.3, the Parties shall try to settle their differences amicably between themselves first, by referring the disputed matter to the Senior Vice President of Business Development of Sangamo and the President of the Research Biotech Unit of Sigma (or if either foregoing position does not exist at such time, the closest successor in title to such position) (the "**Representatives**") and, if not resolved by such Representatives, by referring the disputed matter to the CEOs of the Parties or their designees. In addition, the Parties shall endeavor to resolve disputes of a primarily technical basis (for example, if technical milestones under Section 7.3 are payable) through formal or informal dispute resolution involving technical experts. Either Party may initiate such informal dispute resolution by sending written notice of the dispute to the other Party, and, within twenty (20) days after such notice, the Representatives shall meet for attempted resolution by good faith negotiations. If the Representatives are unable to resolve such dispute within thirty (30) days of their first meeting for such negotiations, then the CEOs shall meet within twenty (20) days thereafter for attempted resolution by good faith negotiations. If the CEOs are unable to resolve such dispute within thirty (30) days of their first meeting for such negotiations, either Party may seek to have such dispute resolved in any United States federal or state court of competent jurisdiction and appropriate venue. To the extent permitted by law, the Party that seeks such judicial resolution hereby consents to the other Party's forum of choice, provided the choice is limited to California or Missouri.

**13.2 Governing Law**. Resolution of all disputes arising out of or related to this Agreement or the performance, enforcement, breach or termination of this Agreement and any remedies relating thereto, shall be governed by and construed under the substantive laws of the State of Delaware, without regard to conflicts of law rules that would cause the application of the laws of another jurisdiction.

**13.3 Patents and Trademarks**. Any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any patents or trademark rights shall be submitted to a court of competent jurisdiction in the territory in which such patents or trademark rights were granted or arose.

**13.4 Entire Agreement; Amendment**. This Agreement set forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.

**13.5 Export Control**. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States of America or other countries which may be imposed upon or related to Sangamo or Sigma from time to time. Each Party agrees that it will not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity.

**13.6 Bankruptcy**

**(a)** All rights and licenses granted under or pursuant to this Agreement, including amendments hereto, by each Party to the other Party are, for all purposes of

Section 365(n) of Title 11 of the United States Code ("**Title 11**"), licenses of rights to intellectual property as defined in Title 11. Each Party agrees during the term of this Agreement to create and maintain current copies or, if not amenable to copying, detailed descriptions or other appropriate embodiments, to the extent feasible, of all such intellectual property. If a case is commenced by or against either Party (the "**Bankrupt Party**") under Title 11, then, unless and until this Agreement is rejected as provided in Title 11, the Bankrupt Party (in any capacity, including debtor-in-possession) and its successors and assigns (including, without limitation, a Title 11 Trustee) shall, at the election of the Bankrupt Party made within sixty (60) days after the commencement of the case (or, if no such election is made, immediately upon the request of the non-Bankrupt Party) either (i) perform all of the obligations provided in this Agreement to be performed by the Bankrupt Party including, where applicable and without limitation, providing to the non-Bankrupt Party portions of such intellectual property (including embodiments thereof) held by the Bankrupt Party and such successors and assigns or otherwise available to them or (ii) provide to the non-Bankrupt Party all such intellectual property (including all embodiments thereof) held by the Bankrupt Party and such successors and assigns or otherwise available to them.

**(b)** If a Title 11 case is commenced by or against the Bankrupt Party and this Agreement is rejected as provided in Title 11 and the non-Bankrupt Party elects to retain its rights hereunder as provided in Title 11, then the Bankrupt Party (in any capacity, including debtor-in-possession) and its successors and assigns (including, without limitations, a Title 11 Trustee) shall provide to the non-Bankrupt Party all such intellectual property (including all embodiments thereof) held by the Bankrupt Party and such successors and assigns or otherwise available to them immediately upon the non-Bankrupt Party's written request therefor. Whenever the Bankrupt Party or any of its successors or assigns provides to the non-Bankrupt Party any of the intellectual property licensed hereunder (or any embodiment thereof) pursuant to this Section 13.6, the non-Bankrupt Party shall have the right to perform the obligations of the Bankrupt Party hereunder with respect to such intellectual property, but neither such provision nor such performance by the non-Bankrupt Party shall release the Bankrupt Party from any such obligation or liability for failing to perform it.

**(c)** All rights, powers and remedies of the non-Bankrupt Party provided

herein are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including, without limitation, Title 11) in the event of the commencement of a Title 11 case by or against the Bankrupt Party. The non-Bankrupt Party, in addition to the rights, power and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including, without limitation, under Title 11) in such event. The Parties agree that they intend the foregoing non-Bankrupt Party rights to extend to the maximum extent permitted by law and any provisions of applicable contracts with Third Parties, including without limitation for purposes of Title 11, (i) the right of access to any intellectual property (including all embodiments thereof) of the Bankrupt Party or any Third Party with whom the Bankrupt Party contracts to perform an obligation of the Bankrupt Party under this Agreement, and, in the case of the Third Party, which is necessary for the development, registration and manufacture of Licensed Products and (ii) the right to contract directly with any Third Party described in (i) in this sentence to complete the contracted work. Any intellectual property provided pursuant to the provisions of this Section 13.6 shall be subject to the licenses set forth elsewhere in this Agreement and the payment obligations of this Agreement, which shall be deemed to be royalties for purposes of Title 11.

**13.7 Force Majeure**. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by force majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, “force majeure” shall mean conditions beyond the control of the Parties, including without limitation, an act of God, voluntary or involuntary compliance with any regulation, law or order of any government, war, terrorism, civil commotion, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe; provided, however, the payment of invoices due and owing hereunder shall not be delayed by the payer because of a force majeure affecting the payer.

**13.8 Notices**. Any notice required or permitted to be given under this Agreement shall

be in writing, shall specifically refer to this Agreement and shall be deemed to have been sufficiently given for all purposes if mailed by first class certified or registered mail, postage prepaid, express delivery service or personally delivered. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below.

| | |
|---|---|
| For Sangamo: | Sangamo BioSciences, Inc.<br>Point Richmond Tech Center<br>501 Canal Boulevard, Suite A100<br>Richmond, California 94804<br>Attention: Chief Executive Officer |
| With a copy to: | Cooley Godward Kronish LLP<br>Five Palo Alto Square<br>3000 El Camino Real<br>Palo Alto, CA 94306<br>Attention: Marya A. Postner, Esq. |
| For Sigma: | Sigma-Aldrich Corporation<br>3050 Spruce Street<br>St. Louis, Missouri 63103<br>Attention: General Counsel and Secretary |
| With a copy to: | Sigma-Aldrich Corporation<br>3050 Spruce Street<br>St. Louis, Missouri 63103<br>Attention: President, Research Biotech Unit |

**13.9 Maintenance of Records**. Each Party shall keep and maintain all records required by law or regulation with respect to Licensed Products and shall make copies of such records available to the other Party upon request.

**13.10 United States Dollars**. References in this Agreement to "dollars" or "$" shall mean the legal tender of the United States of America.

**13.11 No Strict Construction**. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

**13.12 Assignment**. Neither Party may assign or transfer this Agreement or any rights or

obligations hereunder without the prior written consent of the other, except a Party may make such an assignment without the other Party's consent to an Affiliate or to a Third Party successor to substantially all of the business of such Party to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction; provided that any such permitted successor or assignee of rights and/or obligations hereunder is obligated, by reason of operation of law or pursuant to a written agreement with the other Party, to assume performance of this Agreement or such rights and/or obligations; and provided, further, that if assigned to an Affiliate, the assigning Party shall remain jointly and severally responsible for the performance of this Agreement by such Affiliate. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 13.12 shall be null and void and of no legal effect.

**13.13 Electronic Data Interchange**. If both Parties elect to facilitate business activities hereunder by electronically sending and receiving data in agreed formats (also referred to as Electronic Data Interchange or "EDI") in substitution for conventional paper-based documents, the terms and conditions of this Agreement shall apply to such EDI activities.

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

**13.15 Further Actions**. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

**13.16 Severability**. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

**13.17 Headings**. The headings for each article and section in this Agreement have been

inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

**13.18 No Waiver**. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

***[Rest of Page Intentionally Left Blank]***

**In Witness Whereof**, the Parties have executed this License Agreement in duplicate originals by their proper officers as of the date and year first above written.

| **Sangamo BioSciences, Inc.** | | **Sigma-Aldrich Co.** | |
|---|---|---|---|
| By: | /s/ Edward O. Lanphier II | By: | /s/ David Smoller |
| Name: | Edward O. Lanphier II | Name: | David Smoller |
| Title: | President and Chief Executive Officer | Title: | President Research Biotechnology Business Unit |

**Exhibit A**

**Sangamo Patents**

***[See following pages]***

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| **S1-US1** | **09/229,007** | **Jan. 12, 1999** | **Selection of Sites for ¼** | **US Patent No. 6,453,242 (Sept. 17, 2002)** |
| **S1-US2** | **09/825,242** | **Apr. 2, 2001** | **Selection of Sites for Targeting** | **U.S. Patent No. 7,177,766 (February 13, 2007)** |
| **S1-US3** | **10/113,424** | **Mar 28, 2002** | **¼ sites for targeting by ZFPs** | **US Patent No. 6,785,613 (Aug. 31, 2004)** |
| S1-US4 | 11/xxx,xxx | Feb. 12, 2007 | Selection of Sites for Targeting ¼ | Pending |
| S1-PCT | US00/00388 | Jan. 6, 2000 | Selection of Sites for Targeting ¼ | WO 00/42219 (National Phase) |
| **S1-AU** | **27220/00** | **Jan. 6, 2000** | **Selection of Sites for ¼** | **AU Patent No. 744171 (May 30, 2002)** |
| S1-CA | 2,322,700 | Jan. 6, 2000 | Selection of Sites for Targeting ¼ | Pending |
| **S1-EP1** | **00 905 563.3** | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **EP1 075 540 (Sept. 10, 2003)** |
| **S1-BE1** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No. 1 075 540 (Sept. 10, 2003)** |
| **S1-CH1** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No. 1 075 540 (Sept. 10, 2003)** |
| **S1-DE1** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No. 1 075 540 (Sept. 10, 2003)** |
| **S1-FR1** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No. 1 075 540 (Sept. 10, 2003)** |
| **S1-IE1** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No. 1 075 540 (Sept. 10, 2003)** |
| **S1-EP2** | **03 015 798.6** | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **EP1 352 975 (Sept. 27, 2006)** |
| **S1-BE2** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No 1 352 975 (Sept. 27, 2006)** |
| **S1-CH2** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No 1 352 975 (Sept. 27, 2006)** |
| **S1-DE2** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No 1 352 975 (Sept. 27, 2006)** |
| **S1-FR2** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No 1 352 975 (Sept. 27, 2006)** |
| **S1-IE2** | | **Jan. 6, 2000** | **Selection of Sites for Targeting** | **European Patent No 1 352 975 (Sept. 27, 2006)** |
| **S1-GB1** | **00 00651.0** | **Jan. 12, 2000** | **Selection of Sites for ¼** | **GB Patent No. 2 348 425 (Oct. 17, 2001)** |
| **S1-GB2** | **01 11280.4** | **May 9, 2001** | **Selection of Sites for ¼** | **GB Patent No. 2 360 285 (Feb. 27, 2002)** |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| S1-JP1 | 2000-593776 | Jan. 6, 2000 | Selection of Sites for Targeting ¼ | Pending |
| S1-JP2 | 2001-117552 | Jan. 6, 2000 | Selection of Sites for Targeting ¼ | Pending |
| **S2-US1** | **09/229,037** | **Jan. 12, 1999** | **Regulation of endogenous ¼** | **US Patent No. 6,534,261 (March 18, 2003)** |
| **S2-US2** | **09/478,681** | **Jan. 6, 2000** | **¼ gene expression in cells ¼** | **US Patent No. 6,607,882 (August 19, 2003)** |
| **S2-US3** | **09/706,243** | **Nov. 3, 2000** | **using zinc finger proteins.** | **US Patent No. 6,824,978 (Nov. 30, 2004)** |
| **S2-US4** | **09/897,844** | **July 2, 2001** | **¼ Regulation of endogenous ¼** | **US Patent No. 6,979,539 (December 27, 2005)** |
| **S2-US5** | **09/942,087** | **Aug 28, 2001** | **Mod of endog gene expr in cells** | **US Patent No. 6,933,113 (August 23, 2005)** |
| **S2-US6** | **10/222,614** | **Aug. 15, 2002** | **Cells Comprising ZFNs** | **US Patent No. 7,163,824 (January 16, 2007)** |
| **S2-US7** | **10/245,415** | **Sep. 16, 2002** | **Regulation of endogenous ¼** | **US Patent No. 7,013,219 (March 14, 2006)** |
| S2-US8 | 10/845,384 | May 13, 2004 | Mod. of endog. gene expr. in cells | Pending: ISSUE FEE paid January 11, 2007 |
| S2-US9 | 10/984,304 | Nov. 9, 2004 | Regulation of endogenous gene ¼ | Pending |
| S2-US10 | 10/986,583 | Nov. 12, 2004 | Regulation of endogenous gene ¼ | Pending |
| S2-US11 | 11/148,794 | June 8, 2005 | Regulation of endogenous gene ¼ | Pending |
| S2-US12 | 11/505,044 | Aug. 16, 2006 | Regulation of endogenous gene ¼ | Pending |
| S2-US13 | 11/505,775 | Aug. 17, 2006 | Regulation of endogenous gene ¼ | Pending |
| S2-US14 | 11/521,291 | Sept. 14, 2006 | Regulation of endogenous gene ¼ | Pending |
| S2-US15 | 11/524,165 | Sept. 20, 2006 | Alteration of tumor growth ¼ | Pending |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| S2-PCT | US00/00409 | Jan. 6, 2000 | Regulation of endogenous gene ¼ | WO 00/41566 (National Phase) |
| **S2-AU** | **28470/00** | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **AU Patent No. 745844 (July 25, 2002)** |
| S2-CA | 2,323,086 | Jan. 6, 2000 | Regulation of endogenous gene ¼ | Pending |
| **S2-EP** | **00 906 882.6** | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **EP1 061 805 (Sept. 21, 2005)** |
| **S2-AT** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-BE** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-CH** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-CY** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-DE1** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-DE2** | | **Jan. 6, 2000** | Regulation von endogenen Genen | **German Utility Model No. 200 23 745.4** |
| **S2-DK** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-ES** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-FI** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-FR** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-GR** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-IE** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-IT** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-LU** | | **Jan. 6, 2000** | **Regulation of endogenous¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-MC** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-NL** | | **Jan. 6, 2000** | **Regulation of endogenous¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-PT** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **S2-SE** | | **Jan. 6, 2000** | **Regulation of endogenous ¼** | **European Patent No. 1 061 805 (Sept. 21, 2005)** |
| **S2-GB** | **0000650.2** | **Jan. 12, 2000** | **Regulation of endogenous ¼** | **GB Patent No. 2,348,424 (March 14, 2001)** |
| S2-JP1 | 2000-593186 | Jan. 6, 2000 | Regulation of endogenous gene ¼ | Pending |
| S2-JP2 | 2001-5820 | Jan. 12, 2001 | Regulation of endogenous gene ¼ | Pending |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **S7-US1** | **09/395,448** | **Sep. 14, 1999** | **Functional Genomics ¼** | **US Patent No. 6,599,692 (July 29, 2003)** |
| **S7-US2** | **09/925,796** | **Aug. 9, 2001** | **Functional Genomics ¼** | **US Patent No. 6,777,185 (August 17, 2004)** |
| **S7-US3** | **09/941,450** | **Aug 28, 2001** | **Gene Identification ¼** | **US Patent No. 6,780,590 (August 24, 2004)** |
| S7-US5 | 10/843,944 | May 12, 2004 | Functional Genomics ¼ | Pending |
| S7-US6 | 10/922,546 | Aug. 19, 2004 | Meth. For Genome Annotation | Pending |
| S7-PCT1 | US00/24897 | Sept. 12, 2000 | Functional Genomics ¼ | WO 01/19981 (National Phase) |
| **S7-AU** | **74787/00** | **Sept 12, 2000** | **Functional Genomics ¼** | **AU Patent No. 778964 (May 5, 2005)** |
| S7-CA | 2,383,926 | Sept. 12, 2000 | Functional Genomics ¼ | Pending |
| **S7-EP** | **00 963 362.9** | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **EP1 238 067 (Dec. 21, 2005)** |
| **S7-BE** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-CH** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-DE** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-FR** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-GB** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-HK** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| **S7-IE** | | **Sep. 12, 2000** | **Funct. Genomics using ZFPs** | **European Patent No. 1 238 067 (Dec. 21, 2005)** |
| S7-JP | 2001-523752 | Sept. 12, 2000 | Functional Genomics ¼ | Pending |
| **S9-US2** | **09/731,558** | **Dec. 6, 2000** | **. . . Libraries of ZFPs for** | **US Patent No. 6,503,717 (Jan. 7, 2003)** |
| S9-US3 | 10/337,216 | Jan. 6, 2003 | . . . the ID of gene function. | Pending |
| S9-US4 | 11/394,279 | Mar. 29, 2006 | Randomized Libraries of ZFPs | Pending |
| S9-US5 | 11/486,254 | July 12, 2006 | Randomized Libraries of ZFPs | Pending |
| S9-PCT | US00/33086 | Dec. 6, 2000 | . . . the ID of Gene Function | WO 01/40798 (National Phase) |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **S9-AU** | **24278/01** | **Dec. 6, 2000** | **¼ Randomized Libraries¼** | **AU Patent No. 776576 (January 6, 2005)** |
| S9-CA | 2,394,850 | Dec. 6, 2000 | ¼ Randomized Libraries ¼ | Pending |
| **S9-EP** | **00 988 019.6** | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **EP1 236 045 (Nov. 9, 2005)** |
| **S9-BE** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| **S9-CH** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| **S9-DE** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| **S9-FR** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| **S9-GB** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| **S9-HK** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **Hong Kong Patent No. 1 049 515 (Jan. 13,2006)** |
| **S9-IE** | | **Dec. 6, 2000** | **¼ Randomized Libraries ¼** | **European Patent No. 1 236 045 (Nov. 9, 2005)** |
| S9-IL | 150069 | Dec. 6, 2000 | ¼ Randomized Libraries ¼ | Pending |
| | | | | |
| **S10-US1** | **09/779,233** | **Feb. 8, 2001** | **Cells for Drug Discovery** | **US Patent No. 6,689,558 (Feb. 10, 2004)** |
| **S10-US2** | **10/412,109** | **Apr. 10, 2003** | **Cells for Drug Discovery** | **US Patent No. 7,045,304 (May 16, 2006)** |
| **S10-US3** | **10/412,105** | **Apr. 10, 2003** | **Cells for Drug Discovery** | **US Patent No. 6,989,269 (January 24, 2006)** |
| S10-PCT | US01/04301 | Feb. 8, 2001 | Cells for Drug Discovery | WO 01/59450 (National Phase) |
| **S10-AU** | **2001 250774** | **Feb. 8, 2001** | **Cells for Drug Discovery** | **AU Patent No. 2001250774 (May 12, 2005)** |
| S10-CA | 2,398,590 | Feb. 8, 2001 | Cells for Drug Discovery | Pending |
| S10-EP | 01 924 089.4 | Feb. 8, 2001 | Cells for Drug Discovery | Pending |
| S10-JP1 | 2001-558729 | Feb. 8, 2001 | Cells for Drug Discovery | Pending |
| S10-JP2 | 2002-311841 | Feb. 8, 2001 | Cells for Drug Discovery | Pending |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **S11-US3** | **09/990,186** | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **US Patent No. 7,030,215 (April 18, 2006)** |
| S11-US4 | 11/202,009 | Aug. 11, 2005 | Position dependent recog. of GNN | Pending |
| S11-US5 | 11/225,686 | Sept. 12, 2005 | Position dependent recog. of GNN | Pending |
| S11-PCT2 | US01/43438 | Nov. 20, 2001 | Position dependent recog. of GNN | WO 02/42459 (National Phase) |
| **S11-AU** | **2002 239295** | **Nov. 20, 2001** | **Position dependent rec. of GNN** | **AU Patent No. 2002 239295 (Sept. 21, 2006)** |
| S11-CA | 2,429,555 | Nov. 20, 2001 | Position dependent recog. of GNN | Pending |
| **S11-EP** | **01 987 037.7** | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **EP1 364 020 (Sept. 13, 2006)** |
| **S11-BE** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-CH** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-DE** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-FR** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-GB** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-IE** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| **S11-HK** | | **Nov. 20, 2001** | **Position dep. recog. of GNN** | **European Patent No. 1 364 020 (Sept. 13, 2006)** |
| S12-US1 | 09/844,662 | Apr. 27, 2001 | Methods for binding ¼ | Pending |
| S12-PCT | US01/13631 | Apr. 27, 2001 | Methods for binding ¼ | WO 01/83751 (National Phase) |
| **S12-AU** | **2001 255748** | **Apr. 27, 2001** | **Methods for binding ¼** | **AU Patent No. 2001 255748 (Nov. 30, 2006)** |
| S12-CA | 2,407,695 | Apr. 27, 2001 | Methods for binding ¼ | Pending |
| S12-EP | 01 928 946.1 | Apr. 27, 2001 | Methods for binding ¼ | Pending |
| S12-JP | 2001-580358 | Apr. 27, 2001 | Methods for binding ¼ | Pending |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **S14-US1** | **09/844,508** | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **US Patent No. 7,001,768 (Feb. 21, 2006)** |
| S14-US3 | 11/357,615 | Feb. 16, 2006 | Targeted modif. of chromatin ¼ | Pending |
| S14-PCT | US01/40616 | Apr. 27, 2001 | Targeted modif. of chromatin ¼ | WO 01/83793 (National Phase) |
| **S14-AU** | **2001 253914** | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **AU Patent No. 2001 253914 (Sept. 21, 2006)** |
| S14-CA | 2,407,460 | Apr. 27, 2001 | Targeted modif. of chromatin ¼ | Pending |
| **S14-EP** | **01 927 467.9** | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **EP1 276 859 (Feb. 7, 2007)** |
| **S14-BE** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S14-CH** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S14-DE** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S14-FR** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S14-GB** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S14-IE** | | **Apr. 27, 2001** | **Targeted modif. of chromatin ¼** | **European Patent No. 1 276 859 (Feb. 7, 2007)** |
| **S16-US1** | **09/844,493** | **Apr. 27, 2001** | **Exogenous reg. molecule design** | **US Patent No. 6,511,808 (Jan. 28, 2003)** |
| **S19-US1** | **09/967,869** | **Sep. 28, 2001** | **Mod using ¼ localiz. domains** | **US Patent No. 6,919,204 (July 19, 2005)** |
| S19-US2 | 11/045,828 | Jan. 28, 2005 | Mod using ¼ localiz. domains | Pending |
| **S20-US** | **09/716,637** | **Nov. 20, 2000** | **Iterative optimization ¼** | **US Patent No. 6,794,136 (Sept. 21, 2004)** |
| S21-PCT | US01/44654 | Nov. 28, 2001 | ¼ Insulator binding proteins | WO 02/44376 (National Phase) |
| S21-US | 10/446,901 | Nov. 28, 2001 | ¼ Insulator binding proteins | Pending |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| S25-US1 | 10/055,711 | Jan. 22, 2002 | Modified ZF binding proteins | Pending |
| S25-US2 | 11/486,158 | July 13, 2006 | Modified ZF binding proteins | Pending |
| S25-US3 | 11/485,946 | July 13, 2006 | Modified ZF binding proteins | Pending |
| S25-PCT | US02/01893 | Jan. 22, 2002 | Modified ZF binding proteins | WO 02/57293 (National Phase) |
| S25-AU | 2002 241946 | Jan. 22, 2002 | Modified ZF binding proteins | Pending |
| S25-CA | 2,435,394 | Jan. 22, 2002 | Modified ZF binding proteins | Pending |
| S25-EP | 02 707 545.6 | Jan. 22, 2002 | Modified ZF binding proteins | Pending |
| S26-US1 | 10/055,713 | Jan 22, 2002 | ZFP for DB and gene reg in plants | Pending |
| S26-PCT | US02/01906 | Jan. 22, 2002 | ZFP for DB and gene reg in plants | WO 02/57294 (National Phase) |
| S26-US2 | 10/470,180 | Jan. 22, 2002 | ZFP for DB and gene reg in plants | Pending: ISSUE FEE paid March 21, 2007 |
| S26-US3 | 11/511,106 | Aug. 28, 2006 | ZFP for DB and gene reg in plants | Pending |
| S26-US4 | 11/583,967 | Oct. 19, 2006 | ZFP for DB and gene reg in plants | Pending |
| S27-PCT | US02/30413 | Sept. 24, 2002 | Mod. of stem cells using ZFPs | WO 03/027247 (National Phase) |
| S27-AU | 2002 330097 | Sept. 24, 2002 | Mod. of stem cells using ZFPs | Pending |
| S27-CA | 2,461,290 | Sept. 24, 2002 | Mod. of stem cells using ZFPs | Pending |
| S27-EP | 02 766 356.6 | Sept. 24, 2002 | Mod. of stem cells using ZFPs | Pending |
| S27-US | 10/490,787 | Sept. 24, 2002 | Mod. of stem cells using ZFPs | Pending |
| S28-US | 10/387,320 | Mar. 11, 2003 | Rapid ID of tx. reg. domains | Pending |
| **S30-US1** | **10/456,444** | **June 5, 2003** | **Ligand-contr. reg. of endog ¼** | **US Patent No. 7,070,934 (July 4, 2006)** |

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| S32-US | 10/651,761 | Aug. 29, 2003 | Simultaneous mod. of mult. genes | Pending |
| S36-US1 | 10/912,932 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-US2 | 11/304,981 | Dec. 15, 2005 | Targ. Del. of Cellular DNA Seqs. | Pending |
| S36-PCT1 | US04/25407 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | WO 2005/014791 (National Phase) |
| S36-AU1 | 2004 263865 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-AU3 | | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-CA1 | 2,534,296 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-EP1 | 04 780 272.3 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-IL1 | 173460 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-JP1 | 2006-523239 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-KR1 | 2006-7002703 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-SG1 | 2006 00748-8 | Aug. 6, 2004 | Meth & comp for targ cl & recomb | Pending |
| S36-PCT2 | US05/03245 | Feb. 3, 2005 | Meth & comp for targ cl & recomb | WO 2005/084190 (National Phase) |
| S36-AU2 | 2005 220148 | Feb. 3, 2005 | Meth & comp for targ cl & recomb | Pending |
| S36-CA2 | 2,554,966 | Feb. 3, 2005 | Meth & comp for targ cl & recomb | Pending |
| S36-EP2 | 05 756 438.7 | Feb. 3, 2005 | Meth & comp for targ cl & recomb | Pending |
| S36-US3 | 10/587,723 | Feb. 3, 2005 | Meth & comp for targ cl & recomb | Pending |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| S38-PCT | US04/30606 | Sept. 17, 2004 | Eng. ZFPs for reg. of gene expr. | WO 05/28630 (National Phase) |
| S38-AU | 2004 274957 | Sept. 17, 2004 | Eng. ZFPs for reg. of gene expr. | Pending |
| S38-CA | 2,539,439 | Sept. 17, 2004 | Eng. ZFPs for reg. of gene expr. | Pending |
| S38-EP | 04 784 464.2 | Sept. 17, 2004 | Eng. ZFPs for reg. of gene expr. | Pending |
| S38-US | 10/572,886 | Sept. 17, 2004 | Eng. ZFPs for reg. of gene expr. | Pending |
| | | | | |
| S43-US1 | 11/221,683 | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-PCT | US05/32157 | Sept. 8, 2005 | C & M for Protein Production | WO 2006/033859 (National Phase) |
| S43-AU | 2005 287278 | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-CA | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-CN | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-EP | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-IN | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-KR | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| S43-SG | | Sept. 8, 2005 | C & M for Protein Production | Pending |
| | | | | |
| S46-US1 | 11/493,423 | July 26, 2006 | Targ Int & Exp Of Exog NA Seqs | Pending |
| S46-PCT | US06/029027 | July 26, 2006 | Targ Int & Exp Of Exog NA Seqs | Pending |
| | | | | |
| [***] | [***] | [***] | [***] | [***] |
| | | | | |
| [***] | [***] | [***] | [***] | [***] |

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

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| G1-PCT | GB95/01949 | Aug 17, 1995 | Improvements in ¼ | WO 96/06166 (National Phase) |
| **G1-AU1** | **32291/95** | **Aug. 17, 1995** | **Improvements in ¼** | **AU Patent No. 698152 (Feb. 4, 1999)** |
| **G1-AU2** | **10037/99** | **(Jan. 6, 1999)** | **Improvements in ¼** | **AU Patent No. 726759 (March 8, 2001)** |
| G1-CA | 2,196,419 | Aug. 17, 1995 | Improvements in ¼ | Pending |
| G1-EP | 95928576.8 | Aug. 17, 1995 | Improvements in ¼ | Pending |
| G1-JP | 507857/1996 | Aug. 17, 1995 | Improvements in ¼ | Pending |
| G1-US1 | 08/793,408 | Aug. 17, 1995 | Relating to binding proteins ¼ | US Patent No. 6,007,988 (Dec. 28, 1999) REISS. |
| **G1-US2** | **09/139,762** | **Aug. 25, 1998** | **Binding prots. for recog. of DNA** | **US Patent No. 6,013,453 (Jan. 11, 2000)** |
| **G1-US3** | **10/033,129** | **Dec. 27, 2001** | **Relating to Binding proteins ¼** | **US Patent No. RE 39,229 (Aug. 8, 2006)** |
| G1-US4 | 10/309,578 | Dec. 3, 2002 | Design of binding proteins ¼ | Pending Reissue |
| G1-US5 | 10/397,930 | Mar. 25, 2003 | Relating to Binding proteins ¼ | Pending Reissue |
| G1-US6 | 10/400,017 | Mar. 25, 2003 | Relating to Binding proteins ¼ | Pending Reissue |
| G1-US7 | 11/500,162 | Aug. 7, 2006 | Binding Prots. for Recog. of DNA. | Pending Reissue |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| G2-PCT | GB98/01510 | May 26, 1998 | NA binding polypeptide library | WO 98/53057 (National Phase) |
| **G2-AU** | **75422/98** | **May 26, 1998** | **NA binding polypeptide library** | **AU Patent No. 737756 (Dec. 13, 2001)** |
| G2-CA | 2,290,720 | May 26, 1998 | NA binding polypeptide library | Pending |
| G2-EP | 98922963.8 | May 26, 1998 | NA binding polypeptide library | Pending |
| G2-JP | 10-550153 | May 26, 1998 | NA binding polypeptide library | Pending |
| G2-US1 | 09/424,482 | May 26, 1998 | NA binding polypeptide library | Pending |
| G2-US2 | 11/514,850 | Aug. 31, 2006 | NA binding polypeptide library | Pending |
| G2-US3 | 11/514,671 | Sept 1, 2006 | NA binding polypeptide library | Pending |
| | | | | |
| G3-PCT | GB98/01512 | May 26, 1998 | Nucleic Acid Binding Proteins | WO 98/53058 (National Phase) |
| G3-CA | 2,290,717 | May 26, 1998 | Nucleic Acid Binding Proteins | Pending |
| G3-EP | 98922964.6 | May 26, 1998 | Nucleic Acid Binding Proteins | Pending: Grant fees paid and translations filed |
| **G3-US1** | **09/424,487** | **May 26, 1998** | **Nucleic Acid Binding Proteins** | **US Patent No. 6,746,838 (June 8, 2004)** |
| G3-US2 | 10/832,735 | April 26, 2004 | Nucleic Acid Binding Proteins | Pending: ISSUE FEE paid April 10, 2007 |
| G3-US3 | 11/486,962 | July 14, 2006 | Nucleic Acid Binding Proteins | Pending |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| G4-PCT | GB98/01516 | May 26, 1998 | Nucleic Acid Binding Proteins | WO 98/53060 (National Phase) |
| **G4-AU** | **75426/98** | **May 26, 1998** | **Nucleic Acid Binding Proteins** | **AU Patent No. 732017 (Jul. 26, 2001)** |
| G4-CA | 2,290,886 | May 26, 1998 | Nucleic Acid Binding Proteins | Pending |
| G4-EP | 98922967.9 | May 26, 1998 | Nucleic Acid Binding Proteins | Pending: Grant fees paid and translations filed |
| G4-JP | 10-550158 | May 26, 1998 | Nucleic Acid Binding Proteins | Pending |
| **G4-US1** | **09/424,488** | **May 26, 1998** | **Nucleic Acid Binding Proteins** | **US Patent No. 6,866,997 (March 15, 2005)** |
| G4-US2 | 10/853,437 | May 24, 2004 | Nucleic Acid Binding Proteins | Pending: ISSUE FEE paid April 10, 2007 |
| G4-US3 | 11/515,369 | Aug. 31, 2006 | Nucleic Acid Binding Proteins | Pending |
| G5-PCT | GB99/00816 | Mar. 17, 1999 | Nucleic Acid Binding Proteins | WO 99/47656 (National Phase) |
| **G5-AU** | **29449/99** | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **AU Patent No. 751487 (November 28, 2002)** |
| G5-CA | 2,323,064 | Mar. 17, 1999 | Nucleic Acid Binding Proteins | Pending |
| **G5-EP** | **99910512.5** | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **EP1 064 369 (August 16, 2006)** |
| **G5-GB** | | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **European Patent No. 1 064 369 (Aug. 16, 2006)** |
| **G5-IE** | | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **European Patent No. 1 064 369 (Aug. 16, 2006)** |
| **G5-LU** | | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **European Patent No. 1 064 369 (Aug. 16, 2006)** |
| **G5-MC** | | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **European Patent No. 1 064 369 (Aug. 16, 2006)** |
| **G5-NZ** | **506987** | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **NZ Patent No. 506987 (May 12, 2003)** |
| **G5-US** | **09/646,353** | **Mar. 17, 1999** | **Nucleic Acid Binding Proteins** | **US Patent No. 6,977,154 (Dec. 20, 2005)** |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| G6-PCT | GB99/03730 | Nov. 9, 1999 | Screening system for ZFPs ¼ | WO 00/27878 (National Phase) |
| **G6-AU** | **10613/00** | **Nov. 9, 1999** | **Screening system for ZFPs ¼** | **AU Patent No. 766572 (January 29, 2004)** |
| **G6-NZ** | **511564** | **Nov. 9, 1999** | **Screening system for ZFPs ¼** | **NZ Pat. No. 511564 (Feb. 3, 2003)** |
| **G6-US** | **09/851,271** | **Nov. 9, 1999** | **Screening system for ZFPs ¼** | **US Patent No. 6,733,970 (May 11, 2004)** |
| G7-PCT | GB00/02071 | May 30, 2000 | Gene Switches | WO 00/73434 (National Phase) |
| **G7-US** | **09/995,973** | **(Nov 28, 2001)** | **Gene Switches** | **US Patent No. 6,706,470 (March 16, 2004)** |
| G8-PCT | GB00/02080 | May 30, 2000 | Molecular Switches | WO 01/00815 (National Phase) |
| **G8-AU1** | **50906/00** | **May 30, 2000** | **Molecular Switches** | **AU Patent No. 778150 (April 14, 2005)** |
| G8-AU2 | 2005 200548 | Feb. 9, 2005 | Molecular Switches | Pending |
| G8-CA | 2,369,855 | May 30, 2000 | Molecular Switches | Pending |
| G8-US | 09/996,484 | (Nov 28, 2001) | Molecular Switches | Pending |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| G11-PCT | GB01/00202 | Jan. 19, 2001 | NA Bind Polyp Char by Flex. Links | WO 01/53480 (National Phase) |
| **G11-AU** | **2001 226935** | **Jan. 19, 2001** | **Nucleic Acid Binding Polypeps.** | **AU Patent No. 2001 226935 (Oct. 5, 2006)** |
| G11-CA | 2,398,155 | Jan. 19, 2001 | Nucleic Acid Binding Polypeptides | Pending |
| **G11-EP** | **01 901 276.4** | **Jan. 19, 2001** | **Nucleic Acid Binding Polypeps.** | **EP 1 250 424 (February 28, 2007)** |
| **G11-BE** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-CH** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-DE** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-FR** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-GB** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-IE** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| **G11-HK** | | **Jan. 19, 2001** | **NABPs Char by Flexible Linkers** | **European Patent No. 1 250 424 (Feb. 28, 2007)** |
| G11-US | 10/198,677 | Jan. 19, 2001 | Nucleic Acid Binding Polypeptides | Pending |
| G19-PCT | GB02/00246 | Jan. 22, 2002 | Nucleic Acid Binding Polypeptides | WO 02/057308 (National Phase) |
| G19-US | 10/470,065 | Jan. 22, 2002 | Modulation of HIV infection ¼ | Pending |
| G22-PCT | US02/09703 | Mar. 28, 2002 | Gene Regulation II | WO 02/079418 (National Phase) |
| G22-US | 10/473,238 | Mar. 28, 2002 | Targ. gene reg. in transgenics | Pending |
| G23-PCT | US02/22272 | Apr. 4, 2002 | Composite Binding Polypeptides | WO 02/099084 (National Phase) |
| G23-US | 10/474,282 | Apr. 4, 2002 | Composite Binding Polypeptides | Pending |

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| L3-US1 | 10/395,816 | Mar. 20, 2003 | ¼ for Using ZF Endonucleases | Pending |
| L3-PCT | US03/09081 | Mar. 20, 2003 | ¼ to Enhance Homol. Recomb. | WO 03/80809 (National Phase) |
| L3-AU1 | 2003 218382 | Mar. 20, 2003 | Methods and Compositions ¼ | Pending |
| L3-AU2 | | Mar. 20, 2003 | Methods and Compositions ¼ | Pending |
| L3-CA | 2,479,858 | Mar. 20, 2003 | ¼ for Using ZF Endonucleases ¼ | Pending |
| L3-EP | 03 714 379.9 | Mar. 20, 2003 | ¼ to Enhance Homol. Recomb. | Pending |

**Licensed from Massachusetts Institute of Technology**

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **M1-US2** | **08/850,250** | **Apr. 18, 1997** | **ZFPs with high affinity new ¼** | **U.S. Patent No. 5,789,538 (Aug. 4, 1998)** |
| **M2-US3** | **09/240,179** | **Jan. 29, 1999** | **General Strategy ¼** | **U.S. Patent No. 6,410,248 (June 25, 2002)** |
| **M3-US1** | **09/260,629** | **Mar. 1, 1999** | **Poly-Zinc Finger Proteins ¼** | **U.S. Patent No. 6,479,626 (Nov. 12, 2002)** |
| **M3-US2** | **10/146,221** | **May 13, 2002** | **Poly-Zinc Finger Proteins ¼** | **U.S. Patent No. 6,903,185 (June 7, 2005)** |
| **M3-US3** | **11/110,594** | **April 20, 2005** | **NA Encoding Poly-ZFPs ¼** | **U.S. Patent No. 7,153,949 (Dec. 26, 2006)** |
| M3-US4 | 11/639,363 | Dec. 14, 2006 | Poly-Zinc Finger Proteins ¼ | Pending |
| M3-PCT | US99/04441 | Mar. 1, 1999 | Poly-Zinc Finger Proteins ¼ | WO 99/45132 (National Phase) |
| **M3-AU** | **28849/99** | **Mar. 1, 1999** | **Poly-Zinc Finger Proteins ¼** | **AU Patent No. 746454 (August 15, 2002)** |
| M3-CA | 2,321,938 | Mar. 1, 1999 | Poly-Zinc Finger Proteins ¼ | Pending |
| M3-EP | 99909701.7 | Mar. 1, 1999 | Poly-Zinc Finger Proteins ¼ | Pending |
| M3-JP | 2000-534663 | Mar. 1, 1999 | Poly-Zinc Finger Proteins ¼ | Pending |
| M4-US1 | 09/636,243 | Aug. 10, 2000 | Dimerizing Peptides | Pending |

**Licensed from the Scripps Research Institute**

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **T1-US3** | **08/676,318** | **Jan. 18, 1995** | **Zinc finger protein derivatives ¼** | **U.S. Patent No. 6,242,568 (June 5, 2001)** |
| **T1-US4** | **08/863,813** | **May 27, 1997** | **Zinc finger protein derivatives ¼** | **U.S. Patent No. 6,140,466 (Oct. 31, 2000)** |
| **T1-US6** | **09/500,700** | **Feb. 9, 2000** | **Zinc finger protein derivatives ¼** | **U.S. Patent No. 6,790,941 (Sept. 14, 2004)** |
| T1-PCT1 | US95/00829 | Jan. 18, 1995 | Zinc finger protein derivatives ¼ | WO 95/19431 (National Phase) |
| **T1-AU1** | **16865/95** | **Jan. 18, 1995** | **Zinc finger protein derivatives ¼** | **AU Patent No. 704601 (April 29, 1999)** |
| T1-CA1 | 2,181,548 | Jan. 18, 1995 | Zinc finger protein derivatives ¼ | Pending |
| **T1-EP1** | **95 908 614.1** | **Jan. 18, 1995** | **Zinc finger protein derivatives ¼** | **EP 0 770 129 (Nov. 23, 2005)** |
| **T1-FR1** | **95 908 614.1** | **Jan. 18, 1995** | **Zinc finger protein derivatives ¼** | **European Patent No. 0 770 129 (Nov. 23, 2005)** |
| **T1-GB1** | **95 908 614.1** | **Jan. 18, 1995** | **Zinc finger protein derivatives ¼** | **European Patent No. 0 770 129 (Nov. 23, 2005)** |
| T1-FI | 962879 | Jan. 18, 1995 | Zinc finger protein derivatives ¼ | Pending |
| T1-JP1 | 07-519231 | Jan. 18, 1995 | Zinc finger protein derivatives ¼ | Pending |
| T1-NO | 1996 2991 | Jan. 18, 1995 | Zinc finger protein derivatives ¼ | Pending |
| T1-PCT2 | US98/10801 | May 27, 1998 | Zinc finger protein derivatives ¼ | WO 98/54311 (National Phase) |
| T1-AU3 | 2002 300619 | May 27, 1998 | Zinc finger protein derivatives ¼ | Pending |
| T1-CA2 | 2,291,861 | May 27, 1998 | Zinc finger protein derivatives ¼ | Pending |
| T1-EP2 | 98 926 088.0 | May 27, 1998 | Zinc finger protein derivatives ¼ | Pending |
| T1-JP2 | 11-500870 | May 27, 1998 | Zinc finger protein derivatives ¼ | Pending |

**Licensed from the Johns Hopkins University**

| Code | Serial No. | Filing Date | Title | Status |
|---|---|---|---|---|
| **J1-US1** | **07/862,831** | **Apr. 3, 1992** | **Functional domains in FokI ¼** | **US Patent No. 5,356,802 (Oct. 18, 1994)** |
| **J1-US3** | **08/126,564** | **Sept. 27, 1993** | **Functional domains in FokI ¼** | **US Patent No. 5,436,150 (July 25, 1995) CIP of 2** |
| **J1-US4** | **08/346,293** | **Nov. 23, 1994** | **Insertion & Deletion Mutants ¼** | **US Patent No. 5,487,994 (Jan. 30, 1996) CIP of 3** |
| J1-PCT1 | US94/01201 | Feb. 10, 1994 | Functional domains in FokI ¼ | WO 94/18313 (National Phase) |
| J1-CA1 | 2,154,581 | Feb. 10, 1994 | Functional domains in FokI ¼ | Pending |
| J1-EP3 | 03 010009.3 | Feb. 10, 1994 | Functional domains in FokI ¼ | Pending |
| J1-PCT2 | US94/01943 | Aug.23, 1994 | Functional domains in FokI ¼ | WO 95/09233 (National Phase) |
| J1-JP2 | 7-510290 | Aug. 23, 1994 | Functional domains in FokI ¼ | Pending |
| J1-JP3 | 2006-143294 | Aug. 23, 1994 | Functional domains in FokI ¼ | Pending |
| **J2-US1** | **08/575,361** | **Dec. 20, 1995** | **General method to clone ¼** | **US Patent No. 5,792,640 (August 11, 1998)** |
| | | | | **Re-examination No. 90/008,524 (Mar. 12, 2007)** |
| **J3-US1** | **08/647,449** | **May 7, 1996** | **Meth for inactivating target DNA** | **US Patent No. 5,916,794 (Jun. 29, 1999)** |
| | **09/281,792** | **Mar. 31, 1999** | **Meth for inactivating target DNA** | **US Patent No. 6,265,196 (Jul. 24, 2001)** |
| **J3-US2** | | | | **Re-examination No. 90/008,526** |

**Licensed from California Institute of Technology**

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| C1-US1 | 10/656,531 | Sept. 5, 2003 | Use of chimeric nucleases ¼ | Pending |
| C1-PCT | US03/27958 | Sept. 5, 2003 | . . . to stimulate gene targeting | WO 2004/037977 (National Phase) |
| C1-AU | 2003 298574 | Sept. 5, 2003 | Use of ¼ | Pending |
| C1-CA | 2,497,913 | Sept. 5, 2003 | . . . chimeric nucleases ¼ | Pending |
| C1-EP | 03 796 324.6 | Sept. 5, 2003 | . . . to stimulate ¼ | Pending |
| C1-JP | 2005-501601 | Sept. 5, 2003 | . . . gene targeting. | Pending |

**Licensed from University of Utah Research Foundation**

| Code | Serial No. | Filing date | Title | Status |
|---|---|---|---|---|
| U1-PCT | US03/02012 | Jan. 22, 2003 | ¼ using zinc finger nucleases | WO 03/87341 (National Phase) |
| U1-AU | 2003 251286 | Jan. 22, 2003 | Targeted chromosomal mutagenesis¼ | Pending |
| U1-CA | 2,474,486 | Jan. 22, 2003 | Targeted chromosomal mutagenesis¼ | Pending |
| **U1-EP** | **03 746 527.5** | **Jan. 22, 2003** | **Targeted chrom. mutagenesis¼ ..** | **EP1 476 547 (Dec. 6, 2006)** |
| **U1-BE** | | | **Targeted chrom. mutagenesis¼ ..** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-CH** | | | **Targeted chrom. mutagenesis¼ ..** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-DE** | | | **Targeted chrom. mutagenesis¼ ..** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-FR** | | | **Targeted chrom. mutagenesis¼** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-GB** | | | **Targeted chrom. mutagenesis¼** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-IE** | | | **Targeted chrom. mutagenesis¼ ..** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| **U1-NL** | | | **Targeted chrom. mutagenesis¼** | **European Patent No. 1 476 547 (Dec. 6, 2006)** |
| U1-US1 | 10/502,565 | Jan. 22, 2003 | Targeted chromosomal mutagenesis | Pending |

**Exhibit B**

**Third Party Licenses**

Patent License Agreement by and between Massachusetts Institute of Technology and Sangamo BioSciences, Inc. dated May 9, 1996 and amended December 10, 1997; December 2, 1998; September 1, 1999; February 10, 2000; November 15, 2000; September 1, 2005; October 27, 2006; and February 1, 2007 (the "MIT Agreement").

License Agreement by and between The Johns Hopkins University and Sangamo BioSciences, Inc. dated June 29, 1995 and amended June 1, 1998; July 26, 1999; March 15, 2000; and May 21, 2007 (the "JHU Agreement").

License Agreement by and between California Institute of Technology and Sangamo BioSciences, Inc. dated November 1, 2003 and amended January 15, 2004 and February 28, 2005 (the CalTech Agreement").

License Agreement by and between the University of Utah Research Foundation and Sangamo BioSciences, Inc. dated September 8, 2004 and amended February 22, 2007 (the "Utah Agreement").

License Agreement by and between the University of Utah Research Foundation and Sangamo BioSciences, Inc. dated June 5, 2007 (the "Plant Agreement").

License Agreement by and between the Scripps Research Institute and Sangamo BioSciences, Inc. dated March 14, 2000 (the "Scripps Agreement").

**Exhibit C**

**Certain Terms of Third Party Licenses**

1. Sigma acknowledges and agrees that Sigma does not have the right to grant sublicenses under the intellectual property licensed to Sangamo pursuant to the CalTech Agreement. The Parties acknowledge and agree that, upon any termination of the CalTech Agreement (a) the California Institute of Technology ("CalTech") shall be a third party beneficiary of this Agreement as of the date of such termination and thereafter, and (b) Sangamo shall remain responsible for all obligations to Sigma (other than those requiring Sangamo to hold a license under the CalTech Agreement, unless CalTech (at its discretion) elects to assume such obligations.

2. Sigma hereby agrees to comply, and to cause its applicable sublicensees to comply, with the following referenced provisions of the JHU Agreement: Articles II, VIII, IX, X, XIII and XV and Paragraphs 5.1 and 5.2. A copy of such provisions is attached to this Agreement as Exhibit F, and such provisions and are binding upon Sigma and such sublicensees as if they were parties to the JHU Agreement.

3. Article 2 (other than Paragraph 2.8), Article 9 and Article 10 of the MIT Agreement are hereby incorporated by reference into this Agreement and are binding upon Sigma and any of Sigma's sublicensees under the rights licensed to Sangamo under the MIT Agreement (as if each were a "LICENSEE" under the MIT Agreement).

4. Sigma acknowledges and agrees that any sublicense granted by Sangamo to Sigma under the Scripps Agreement shall be subject in all respects to the restrictions, exceptions, royalty obligations, reports, termination provisions and other provisions contained in the Scripps Agreement (but not including the payment of the license fee pursuant to Section 2.2 of the Scripps Agreement).

**Exhibit D**

**Mandatory Terms for Limited Use License**

**(a)** the Customer will not transfer the Licensed Product sold to it or any Licensed Product derived therefrom to any other person or entity without prior written approval of Sigma and without such other person or entity entering into a Use License with Sigma;

**(b)** the Customer's use of all Licensed Products will be limited to the Field; and

**(c)** the Customer will not use Licensed Products in the Plant Field.

**Exhibit E**

**Press Release**

**Exhibit F**

**Copy of Selected Provisions of JHU Agreement**

ARTICLE II – GRANT

2.1 JOHNS HOPKINS hereby grants to LICENSEE the exclusive worldwide right and license to make, have made, use, lease and sell the Licensed Products, and to practice the Licensed Processes, including the right to grant sublicenses, subject to 35USC200-211 and the regulations promulgated thereunder, to the end of the term for which the Patent Rights are granted by the applicable governmental authority, unless sooner terminated as hereinafter provided (the "Term"). JOHNS HOPKINS reserves the non-transferable royalty-free right to practice the subject matter of any claim within the Patent Rights for its own internal purposes. If Dr. Chandrasegaran leaves JOHNS HOPKINS, he shall have the non-transferable, royalty-free right to practice any claim within the Patent Rights for his own academic purposes.

2.2 In order to establish a period of exclusivity for LICENSEE, JOHNS HOPKINS hereby agrees that it shall not grant any other license to make, have made, use, lease or sell Licensed Products or to practice Licensed Processes except for its internal research activities during the period of time (the "Exclusive Period") commencing with the Effective Date of this Agreement and terminating with expiration of the last-to-expire patent licensed under this Agreement, unless converted earlier to a nonexclusive license pursuant to Paragraph 4.4 hereof or pursuant to a requirement by the United States Government in accordance with 35USC200-211.

2.3 LICENSEE shall have the right to sublicense all or any part of this license. With respect to each sublicense in the Research Reagent Field granted by it under this Agreement, LICENSEE shall do the following:

(a) incorporate the language of Article II (other than Paragraph 2.4), Article X, and Paragraph 15.4 into each sublicense agreement (but in each case solely to the extent such language is applicable to the rights granted in such sublicense agreement), so that these Articles shall be binding upon the applicable sublicensee as if it were a party to this Agreement;

(b) include in each such sublicense agreement, language that is reasonably sufficient to enable LICENSEE to comply with its obligations under Paragraphs 2.4, 5.1, and 5.2 and Articles IX, XIII, and XV (other than Paragraph 15.4); and

(c) obtain an indemnity from the applicable sublicensee in favor of LICENSEE that is substantially similar in scope of the indemnity set forth in Article VIII and that includes JOHNS HOPKINS as an indemnified party on the same terms as LICENSEE.

With respect to each sublicense in any field other than the Research Reagent Field granted by it under this Agreement, LICENSEE agrees that such sublicense shall provide that the obligations to JOHNS HOPKINS of Articles II, VIII, IX, X, XIII, XV and Paragraphs 5.1 and

5.2 of this Agreement shall be binding upon such sublicensee as if such sublicensee was a party to this Agreement. LICENSEE further agrees to attach copies of these Articles to such sublicense agreement and to incorporate these by reference in such sublicense agreement. (as amended on May 21, 2007)

2.4 LICENSEE agrees to forward to JOHNS HOPKINS a copy of any and all fully executed sublicense agreements, and further agrees to forward to JOHNS HOPKINS, quarterly, pursuant to Paragraph 5.2 a copy of such reports received by LICENSEE from its sublicensees during the preceding twelve (12) month period under the sublicenses as shall be pertinent to a royalty accounting under said sublicense agreements.

2.5 Subject to Sections 2.6, 2.7 and 15.7 below, the license granted hereunder shall not be construed to confer any rights upon LICENSEE by implication, estoppel or otherwise as to any technology not specifically set forth in Appendix A, Appendix B, Appendix C, and Appendix D hereof.

2.6 JOHNS HOPKINS hereby also grants to LICENSEE a right of first negotiation at then commercially reasonable terms, to obtain an exclusive license to any Inventions, as previously defined, developed during the term of this Agreement and any extension thereof and pursuant to any Research Agreement between the parties hereto (Appendix D). JOHNS HOPKINS shall promptly give LICENSEE written notice of any such Inventions, as defined, and LICENSEE shall have one hundred and twenty (120) days from the date of receipt of such notice to give JOHNS HOPKINS written notice of its intent to exercise such option and complete negotiations. JOHNS HOPKINS shall not negotiate with any third party regarding these Inventions during the period of LICENSEE'S right to negotiate. During the term of this Agreement and any extension thereof, Dr. Chandrasegaran shall be free to pursue any scientific investigations of his choice through collaboration with colleagues. Should any such collaboration involve a Licensed Product or Licensed Process, JOHNS HOPKINS will take the initiative of promptly communicating with these colleagues for the purpose of using its reasonable best efforts to have such colleagues agree to be bound by the terms of this Agreement with regard to Licensed Products and Licensed Processes.

2.7 Appendix B attached hereto contains ideas conceived by Dr. Chandrasegaran for developing laboratory reagents, diagnostics, and pharmaceuticals relating to chimeric restriction endonucleases. Dr. Chandrasegaran shall give written notice of any Invention resulting under the Advanced Technology Program within sixty (60) days of the completion of the funding of such program. Any Invention resulting in whole or in part from said ideas which are made pursuant to an award under the Advanced Technology Program where a grant application was filed on March 29, 1995 (Appendix C) shall be assigned to LICENSEE pursuant to Section 15.7 below and Dr. Chandrasegaran will be named as sole inventor unless another individual makes a creative input to said Invention. LICENSEE shall have the first right of negotiation, under then commercially reasonable terms, to obtain an exclusive, royalty-bearing license under any Invention resulting from said ideas in Appendix B made by Dr. Chandrasegaran with funding from a source other than the Advanced Technology Program grant.

2.8 Each of LICENSEE'S sublicensee(s) shall have the right to grant further sublicenses of the sublicense to the Patent Rights granted to it by LICENSEE, within the scope

of such sublicense. Such further sublicenses shall include the provisions set forth in Paragraph 2.3 of this Agreement that were included in the sublicense agreement between LICENSEE and sublicensee and such provisions shall be binding on such further sublicensee as if such further sublicensee were a party to this Agreement. LICENSEE shall forward a copy of all further sublicense agreements granted by its sublicense(s) within thirty (30) days of LICENSEE's receipt of a copy thereof. (as amended on May 21, 2007)

PARAGRAPHS 5.1 AND 5.2

5.1 LICENSEE shall keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of showing the amounts payable to JOHNS HOPKINS hereunder. Said books of account shall be kept at LICENSEE's principal place of business or the principal place of business of the appropriate Division of LICENSEE to which this Agreement relates. Said books and the supporting data shall be open at all reasonable times for five (5) years following the end of the calendar year to which they pertain, to the inspection of JOHNS HOPKINS or its agents for the purpose of verifying LICENSEE's royalty statement or compliance in other respects with this Agreement.

5.2 Commencing with the first commercial sale of a Licensed Product, LICENSEE, within sixty (60) days after March 31, June 30, September 30 and December 31, of each year, shall deliver to JOHNS HOPKINS true and accurate reports, giving such particulars of the business conducted by LICENSEE, its Subsidiaries and its sublicensees during the preceding three-month period under this Agreement as shall be pertinent to a royalty accounting hereunder. These shall include at least the following:

(a) All Licensed Products manufactured and sold.

(b) Total billings for Licensed Products sold.

(c) Accounting for all Licensed Processes used or sold.

(d) Deductions applicable as provided in Paragraph 1.6.

(e) Total royalties due.

(f) Names and addresses of all sublicensees of LICENSEE.

Where reasonably practical, LICENSEE shall, to the best of its knowledge, subcategorize the Licensed Products sold so as to assign the royalties paid to individual patent(s) of Appendix A. Such subcategorization shall be for JOHNS HOPKINS administrative purposes only and shall in no way affect any obligations of any part or the amounts of royalties to be paid under this Agreement. Until there has been a first commercial sale of a Licensed Product, the LICENSEE shall give an annual report of LICENSEE's efforts to achieve a first commercial sale.

ARTICLE VIII — LIABILITY

8.1 Inasmuch as JOHNS HOPKINS will not, under the provisions of this Agreement or otherwise, have control over the manner in which LICENSEE, or its Subsidiaries or its agents

or its sublicensees or those operating for its account, or third parties who purchase Licensed Products from any of the foregoing entities, practice any invention encompassed by the license granted herein, LICENSEE shall defend and hold JOHNS HOPKINS, it trustees, officers, employees, students, and affiliates harmless as against any judgments, fees, expenses or other costs (including reasonable attorneys' fees) arising from or incidental to any product liability or other lawsuit brought as a consequence of the practice of said invention by any of the foregoing entities, whether or not JOHNS HOPKINS is named as party defendant in any such lawsuit. LICENSEE shall have the right to defend such a product liability lawsuit with counsel of its own choosing and JOHNS HOPKINS will cooperate in the defense of such action at LICENSEE's expense. Practice of the Invention encompassed by the license granted herein by a Subsidiary or an agent or a sublicensee, or a third party on behalf of or for the account of LICENSEE or by a third party who purchases Licensed Products from any of the foregoing shall be considered LICENSEE's practice of said invention for purposes of this Paragraph 8.1. The provisions of this Paragraph 8.1 shall survive termination of this Agreement.

8.2 LICENSEE shall maintain or cause to be maintained, prior to the first planned use of Licensed Products or Licensed Processes in humans, product liability insurance or other protection reasonably acceptable to JOHNS HOPKINS which shall protect LICENSEE and JOHNS HOPKINS in regard to events covered by Paragraph 8.1 above. LICENSEE will disclose to JOHNS HOPKINS the amount and kind of product liability insurance it obtains, will give JOHNS HOPKINS a copy of the certificate of insurance, and will increase or change the kind of insurance at the reasonable request of JOHNS HOPKINS, provided such insurance is available to LICENSEE at commercially reasonable rates.

8.3 Except as otherwise expressly set forth in this Agreement, JOHNS HOPKINS makes no representations and extend no warranties of any kind, either express or implied, including but not limited to warranties of merchantability, fitness for a particular purpose, and validity of Patent Rights claims, issued or pending.

8.4 No liability under this Agreement shall result to a party from delay in performance caused by force majeure, that is, circumstances beyond the reasonable control of the party affected thereby, including, without limitation, acts of God, earthquake, fire, flood, war, government regulations, labor unrest, or shortage of or an inability to obtain material or equipment.

## ARTICLE IX — EXPORT CONTROLS

It is understood that JOHNS HOPKINS is subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities (including the Arms Export Control Act, as amended and the Export Administration Act of 1979), and that their obligations hereunder are contingent on compliance with applicable United States export laws and regulations. The transfer of certain technical data and commodities may require a license from the cognizant agency of the United States Government and/or written assurances by LICENSEE that LICENSEE shall not export data or commodities to certain foreign countries without prior approval of such agency. JOHNS HOPKINS neither represents that a license shall not be required nor that, if required, it shall be issued.

ARTICLE X — NON-USE OF NAMES

LICENSEE shall not use the name of JOHNS HOPKINS, nor any of its employees, or any adaptation thereof, in any advertising, promotional or sales literature without prior written consent obtained from JOHNS HOPKINS in each case, except that LICENSEE may state that it is licensed by JOHNS HOPKINS under one or more of the patents and/or applications comprising the Patent Rights.

ARTICLE XIII — TERMINATION

13.1 This Agreement shall terminate if LICENSEE dissolves, unless this Agreement has been assigned prior to the date of dissolution.

13.2 Should LICENSEE fail to pay JOHNS HOPKINS royalties due and payable hereunder, JOHNS HOPKINS shall have the right to terminate this Agreement on sixty (60) days' written notice, unless LICENSEE shall pay JOHNS HOPKINS within the sixty (60) day period, all such royalties and interest due and payable. Upon the expiration of the sixty (60) day period, if LICENSEE shall not have paid all such royalties and interest due and payable, the rights, privileges and license granted hereunder shall terminate.

13.3 Upon any material breach or default of this Agreement by LICENSEE other than those occurrences set out in Paragraphs 13.1 and 13.2 hereinabove, which shall always take precedence in that order over any material breach or default referred to in this Paragraph 13.3, JOHNS HOPKINS shall have the right to terminate this Agreement and the rights, privileges and license granted hereunder by giving ninety (90) days' notice to LICENSEE. Such termination shall become effective unless LICENSEE shall have cured any such breach or default prior to the expiration of the ninety (90) day period.

13.4 LICENSEE shall have the right to terminate this Agreement at any time on six (6) months' notice to JOHNS HOPKINS and upon payment of all amounts due JOHNS HOPKINS.

13.5 Upon termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination. LICENSEE and any Subsidiary and sublicensee thereof may, however, after the effective date of such termination, sell all Licensed Products, and complete Licensed Products in the process of manufacture at the time of such termination and sell the same, provided that LICENSEE shall pay to JOHNS HOPKINS the royalties thereon as required by Article IV of this Agreement and shall submit the reports required by Article V hereof on the sales of Licensed Products.

13.6 Upon termination of this Agreement for any reason during the Exclusive Period, any sublicensee not then in default shall have the right to seek a license from JOHNS HOPKINS under the same terms and conditions as set forth hereunder. In addition, in the event that JOHNS HOPKINS terminates this Agreement pursuant to Paragraph 13.1, 13.2, or 13.3, each sublicense granted by LICENSEE which complies with the sublicense requirements of Paragraph 2.3, is in full force and effect and not then in default, will survive such termination of this Agreement and such sublicensee shall become a direct licensee of JOHNS HOPKINS, provided that (a) JHU's obligations to such sublicensee are no greater than JHU's obligations to LICENSEE under this

Agreement, (b) the scope of such sublicensee's rights with respect to the Patent Rights shall remain unchanged and such sublicensee shall be subject to all other non-financial terms and conditions in this Agreement that apply to such scope of rights, (c) all further sublicenses granted by such sublicensee prior to termination of this Agreement shall also survive such termination, (d) such sublicensee (or if there are at such time more than one such sublicensees, such sublicensees severally and jointly) shall be required to make any minimum annual royalty payments due pursuant to Paragraph 4.4 and (e) such sublicensee shall be required to make any other monetary payment(s) that, had this Agreement not been terminated, LICENSEE would have been required to make under this Agreement as a result of the activities of such sublicensee. Each such sublicensee shall be an intended third-party beneficiary of the preceding sentence. LICENSEE shall notify JOHNS HOPKINS of each non-defaulted sublicense in existence at the time of termination by JOHNS HOPKINS pursuant to Paragraph 13.1, 13.2, or 13.3. (as amended on May 21, 2007)

13.7 The provisions of Paragraph 8.1, Article IX and Article X, Paragraph 4.5 and Paragraph 6.6, shall survive termination of this Agreement. (as amended on June 1, 1998)

## ARTICLE XV — MISCELLANEOUS PROVISIONS

15.1 This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the State of Maryland, U.S.A., except that questions affecting the validity, construction and effect of any patent licensed hereunder, shall be determined by the law of the country in which the patent was granted.

15.2 The parties hereto acknowledge that this Agreement sets forth the entire Agreement and understanding of the parties hereto as to the subject matter hereof, and shall not be subject to any change or modification except by the execution of a written instrument subscribed to by the parties hereto.

15.3 The provisions of this Agreement are severable, and in the event that any provisions of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

15.4 LICENSEE agrees to mark the Licensed Products sold in the United States with all applicable United States patent numbers. All Licensed Products shipped to or sold in other countries shall be marked in such a manner as to conform with the patent laws and practice of the country of manufacture or sale.

15.5 The failure of any party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

15.6 Claims, disputes, or controversies concerning the validity, construction, or effect of any patent licensed hereunder shall be resolved in any court having jurisdiction thereof.

15.7 A grant application under the Advanced Technology Program was filed on March 29, 1995 (Appendix C). If a grant is awarded, any Invention made pursuant thereto where an

investigator at JOHNS HOPKINS is the sole inventor or a coinventor shall be assigned to LICENSEE. Such Invention shall be assigned hereunder and shall thereafter fall within the definition of Patent Rights and therefore shall be subject to Sections 3.2, 3.3 and 3.4 hereof and to the royalty payments required by Sections 4.1(c)(i), 4.1(d) and 4.4 hereof as part of the rights licensed hereunder.

15.8 With respect to "Methods for Inactivating Target DNA and For Detecting Conformation Change in a Nucleic Acid", Inventor, Srinivasan Chandrasegaran, US Patent Application SN 08/647,449, Filed 5/7/96 (JHU Docket: C-1288), LICENSEE hereby acknowledges and agrees that Dr. Chandrasegaran is the sole inventor of this property. (as amended on June 1, 1998)

**EXHIBIT G**
**TRANSFER OF MANUFACTURING TECHNOLOGY**

1. The following tangible properties shall be transferred to Sigma by Sangamo in [***]
2. Sangamo shall transfer to Sigma all Information Controlled by Sangamo that is [***].
3. [***]
4. [***]
5. [***]
6. [***]

---

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

**Exhibit 31.1**

**CERTIFICATION**

I, Edward O. Lanphier II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sangamo BioSciences, Inc. (the "registrant")

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 1, 2007

/s/ Edward O. Lanphier II

Edward O. Lanphier II
President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, Greg S. Zante, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sangamo BioSciences, Inc. (the "registrant")

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 1, 2007

/s/ Greg S. Zante

Greg S. Zante
Vice President, Finance and Administration
(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**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, 2007, 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 1, 2007

/s/ Greg S. Zante

Greg S. Zante
Vice President, Finance and Administration
(Principal Financial and Accounting Officer)

Date: November 1, 2007