Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

OR

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

For the transition period from to

Commission file number 000-30171

SANGAMO BIOSCIENCES, INC.
(exact name of registrant as specified in its charter)

Delaware	**68-0359556**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

501 Canal Blvd
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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

As of July 29, 2011, 52,463,770 shares of the issuer's common stock, par value $0.01 per share, were outstanding.

Table of Contents

INDEX

SANGAMO BIOSCIENCES, INC.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements contained in this report are forward-looking with respect to our operations, research, development and commercialization activities, clinical trials, operating results and financial condition. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

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

In some cases, you can identify forward-looking statements by terms such as: "anticipates," "believes," "continues," "could," "estimates," "expects," "intends," "may," "plans," "seeks," "should" and "will." These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Many of these risks are discussed in greater detail under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Results of Operations" in this Form 10-Q. 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 I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SANGAMO BIOSCIENCES, INC.

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

	June 30, 2011 (unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 8,421	$ 10,784
Marketable securities	83,066	49,501
Interest receivable	509	337
Accounts receivable	1,381	366
Prepaid expenses	653	326
Total current assets	94,030	61,314
Property and equipment, net	1,550	1,673
Other assets	41	12
Total assets	$ 95,621	$ 62,999
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,649	$ 5,654
Accrued compensation and employee benefits	1,002	1,357
Deferred revenues	358	81
Total current liabilities	4,009	7,092
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value; 80,000,000 shares authorized, 52,444,457 and 45,377,739 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	524	454
Additional paid-in capital	328,403	272,954
Accumulated deficit	(237,332)	(217,495)
Accumulated other comprehensive income / (loss)	17	(6)
Total stockholders' equity	91,612	55,907
Total liabilities and stockholders' equity	$ 95,621	$ 62,999

See accompanying notes.

SANGAMO BIOSCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Collaboration agreements	$ 608	$ 6,210	$ 2,095	$12,409
Research grants	906	315	1,619	764
Total revenues	1,514	6,525	3,714	13,173
Operating expenses:				
Research and development	8,119	7,147	16,381	14,512
General and administrative	3,676	3,257	7,215	6,543
Total operating expenses	11,795	10,404	23,596	21,055
Loss from operations	(10,281)	(3,879)	(19,882)	(7.882)
Interest and other income, net	22	19	45	44
Net loss	$(10,259)	$ (3,860)	$(19,837)	$ (7,838)
Basic and diluted net loss per share	$ (0.20)	$ (0.09)	$ (0.41)	$ (0.17)
Shares used in computing basic and diluted net loss per share	51,500	45,157	48,514	45,096

See accompanying notes.

SANGAMO BIOSCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended June 30,	
	2011	2010
Operating Activities:		
Net loss	$(19,837)	$ (7,838)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	319	331
Amortization of premium / discount on marketable securities	786	647
Stock-based compensation	3,929	3,847
Changes in operating assets and liabilities:		
Interest receivable	(172)	55
Accounts receivable	(1,015)	(193)
Prepaid expenses and other assets	(356)	(274)
Accounts payable and accrued liabilities	(3,005)	(829)
Accrued compensation and employee benefits	(355)	(420)
Deferred revenues	277	(10,771)
Net cash used in operating activities	(19,429)	(15,445)
Investing Activities:		
Purchases of investments	(78,884)	(53,976)
Maturities of investments	44,556	60,905
Purchases of property and equipment	(196)	(535)
Net cash provided by / (used in) investing activities	(34,524)	6,394
Financing Activities:		
Proceeds from issuance of common stock	51,590	681
Net cash provided by financing activities	51,590	681
Net decrease in cash and cash equivalents	(2,363)	(8,370)
Cash and cash equivalents, beginning of period	10,784	21,159
Cash and cash equivalents, end of period	$ 8,421	$ 12,789

See accompanying notes.

SANGAMO BIOSCIENCES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Sangamo Biosciences, Inc. ("Sangamo" or the "Company") have been prepared in accordance with U.S. 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. Operating results for the three months and six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. The condensed consolidated balance sheet data at December 31, 2010 were derived from the audited consolidated financial statements included in Sangamo's Form 10-K for the year ended December 31, 2010, as filed with the SEC. These financial statements should be read in conjunction with the financial statements and footnotes thereto for the year ended December 31, 2010, included in Sangamo's Form 10-K, as filed with the SEC.

Use of Estimates and Classifications

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. On an ongoing basis, management evaluates its estimates, including critical accounting policies or estimates related to revenue recognition, clinical trial accruals, and stock-based compensation. Estimates are based on historical experience and on various other market specific and other relevant assumptions that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Recent Accounting Pronouncement

In October 2009, the Financial Accounting Standards Board ("FASB") issued updated revenue recognition standards for arrangements with multiple elements. The revised guidance provides for two significant changes to the existing multiple-element arrangements guidance. The first relates to the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. This change is significant as it will likely result in the requirement to separate more deliverables within an arrangement, ultimately leading to less revenue deferral. The second change modifies the manner in which the transaction consideration is allocated across the separately identifiable deliverables. These changes are likely to result in earlier recognition of revenue for multiple-element arrangements than under previous guidance. These new standards are effective for annual periods ending after June 15, 2010 and were effective for the Company beginning in the first quarter of fiscal 2011. The new standards will likely impact new arrangements or modification of existing arrangements entered into beginning from the first quarter of fiscal 2011. These standards will likely result in less revenue deferral. There were no significant new arrangements or modification of existing arrangements from the effective date through June 30, 2011. Accordingly, the new standards did not have any material impact on revenue recognition.

Subsequent Events

The Company has evaluated subsequent events through the time of filing this Quarterly Report on Form 10-Q. We are not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on our condensed consolidated financial statements.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments

Sangamo classifies its marketable securities as available-for-sale and records its investments at fair value. Available-for-sale securities are carried at estimated fair value based on quoted market prices, with the unrealized holding gains and losses included in accumulated other comprehensive income.

The Company's investments are subject to a periodic impairment review. The Company recognizes an impairment charge when a decline in the fair value of its investments below the cost basis is judged to be other-than-temporary. The Company considers various factors in determining whether to recognize an impairment charge, including the length of time and extent to which the fair value has been less than the Company's cost basis, the financial condition and near-term prospects of the investee, and the Company's intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in the market value.

The table below summarizes the Company's available-for-sale securities (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
June 30, 2011				
Cash equivalents:				
Money market funds	$ 8,159	$ —	$ —	$ 8,159
Total	8,159	—	—	8,159
Marketable securities:				
U.S. government sponsored entity debt securities	24,474	3	—	24,477
U.S. treasury debt securities	7,617	5	—	7,622
Corporate debt securities	50,958	9	—	50,967
Total	83,049	17	—	83,066
Total cash equivalents and marketable securities	$ 91,208	$ 17	$ —	$ 91,225
December 31, 2010				
Cash equivalents:				
Money market funds	$ 9,390	$ —	$ —	$ 9,390
Total	9,390	—	—	9,390
Marketable securities:				
U.S. government sponsored entity debt securities	42,141	—	(6)	42,135
U.S. treasury debt securities	4,806	1	—	4,807
Corporate debt securities	2,560	—	(1)	2,559
Total	49,507	1	(7)	49,501
Total cash equivalents and marketable securities	$ 58,897	$ 1	$ (7)	$ 58,891

As of June 30, 2011, none of the available-for-sale securities held by the Company had material unrealized losses and there were no realized losses for the three and six months ended June 30, 2011; therefore, the Company had no other-than-temporary impairments of available-for-sale securities as of June 30, 2011.

Fair Value Measurement

The Company measures certain financial assets at fair value on a recurring basis, including cash equivalents and available for sale securities. The fair value of these assets was determined based on a three-tier hierarchy under the authoritative guidance for fair value measurements and disclosures that prioritizes the inputs used in measuring fair value as follows:

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

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

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

The fair value measurements of our cash equivalents and available-for-sale marketable securities are identified at the following levels within the fair value hierarchy (in thousands):

	June 30, 2011 Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents:				
Money market funds	$ 8,159	$8,159	$ —	$ —
Total	8,159	8,159	—	—
Marketable securities:				
U.S. government sponsored entity debt securities	24,477	—	24,477	—
U.S. treasury debt securities	7,622	—	7,622	—
Corporate debt securities	50,967	—	50,967	—
Total	83,066	—	83,066	—
Total cash equivalents and marketable securities	$91,225	$8,159	$83,066	$ —

	December 31, 2010 Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents:				
Money market funds	$ 9,390	$9,390	$ —	$ —
Total	9,390	9,390	—	—
Marketable securities:				
U.S. government sponsored entity debt securities	42,135	—	42,135	—
U.S. treasury debt securities	4,807	—	4,807	—
Corporate debt securities	2,559	—	2,559	—
Total	49,501	—	49,501	—
Total cash equivalents and marketable securities	$58,891	$9,390	$49,501	$ —

NOTE 3 - BASIC AND DILUTED NET LOSS PER SHARE

Basic net loss per share has been computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is calculated by dividing net loss by the weighted average number of shares of common stock and potential dilutive securities outstanding during the period.

Because Sangamo is in a net loss position, diluted net loss per share excludes the effects of common stock equivalents consisting of options, which are all anti-dilutive. 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 2,517,970 and 1,849,267 shares for the six months ended June 30, 2011 and 2010, respectively, related to outstanding options.

NOTE 4 - COMPREHENSIVE LOSS

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net loss	$(10,259)	$(3,860)	$(19,837)	$(7,838)
Changes in unrealized gain (loss) on securities available-for-sale	3	13	23	(4)
Comprehensive loss	$(10,256)	$(3,847)	$(19,814)	$(7,842)

NOTE 5 - MAJOR CUSTOMERS, PARTNERSHIPS AND STRATEGIC ALLIANCES

Collaboration Agreements

Agreement with Sigma-Aldrich Corporation in Laboratory Research Reagents, Transgenic Animal and Commercial Protein Production Cell-line Engineering

In July 2007, Sangamo entered into a license agreement with Sigma-Aldrich Corporation (Sigma). Under the license agreement, Sangamo is providing Sigma with access to our proprietary zinc finger DNA-binding protein (ZFP) technology and the exclusive right to use the technology to develop and commercialize research reagents products and services in the research field, excluding certain agricultural research uses that Sangamo previously licensed to Dow AgroSciences LLC. Under the agreement, Sangamo and Sigma agreed to conduct a three-year research program to develop laboratory research reagents using our ZFP technology during which time Sangamo agreed to assist Sigma in connection with its efforts to market and sell services employing our technology in the research field. Sangamo has transferred the ZFP manufacturing technology to Sigma.

In October 2009, Sangamo expanded its license agreement with Sigma. In addition to the original terms of the license agreement, Sangamo provided Sigma with the exclusive rights to develop and distribute ZFP-modified cell lines for commercial production of protein pharmaceuticals and certain ZFP-engineered transgenic animals for commercial applications. Under the terms of the agreement, Sigma made a total upfront payment of $20.0 million. There were two components to the $20.0 million Sangamo received: an equity investment by Sigma in 636,133 shares of Sangamo common stock valued at $4.9 million and a $15.1 million upfront license fee. The upfront license fee was recognized on a straight-line basis from the effective date of the expanded license through July 2010, which represents the period over which Sangamo was obligated to perform research services for Sigma. Sangamo is also eligible to receive commercial license fees of $5.0 million based upon a percentage of net sales and sublicensing revenue and thereafter a royalty of 10.5% of net sales and sublicensing revenue. In addition, upon the achievement of certain cumulative commercial milestones Sigma will make milestone payments to Sangamo up to an aggregate of $25.0 million.

Revenues under the Sigma agreement were $139,000 and $5.5 million during the three months ended June 30, 2011 and 2010, respectively, and $1.1 million and $11.0 million during the six months ended June 30, 2011 and 2010, respectively. Royalty revenues under the Sigma agreement were $139,000 and $131,000 during the three months ended June 30, 2011 and 2010, respectively, and $431,000 and $351,000 during the six months ended June 30, 2011 and 2010, respectively. Related costs and expenses incurred under the Sigma agreement were $196,000 and $415,000 for the three months ended June 30, 2011 and 2010, respectively, and $338,000 and $906,000 during the six months ended June 30, 2011 and 2010, respectively.

Agreement with Dow AgroSciences in Plant Agriculture

In October 2005, Sangamo entered into an exclusive commercial license with Dow AgroSciences LLC (DAS). Under this agreement, Sangamo is providing 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. Sangamo has retained rights to use plants or plant-derived products to deliver ZFP transcription factors (ZFP TFs) or ZFP nucleases (ZFNs) into human or animals for diagnostic, therapeutic, or prophylactic purposes. Our agreement with DAS provided for an initial three-year research term. In June 2008, DAS exercised its option under the agreement to obtain a commercial license to sell products incorporating or derived from plant cells generated using our ZFP technology, including agricultural crops, industrial products and plant-derived biopharmaceuticals. Furthermore, DAS has the right to sublicense our ZFP technology to third parties for use in plant cells, plants, or plant cell cultures, and Sangamo will be entitled to 25% of any cash consideration received by DAS under such sublicenses.

Sangamo agreed to supply DAS and its sublicensees with ZFP TFs and/or ZFNs for both research and commercial use over the initial three year period of the agreement and have amended and extended this provision. In December 2010, Sangamo amended the agreement with DAS to extend the period of reagent manufacturing services through December 31, 2011 and research services through December 31, 2012.

Revenues under the DAS agreement were $457,000 and $624,000 during the three months ended June 30, 2011 and 2010, respectively, and $968,000 and $1.2 million during the six months ended June 30, 2011 and 2010, respectively. Related costs and expenses incurred under the agreement were $477,000 and $569,000 during the three months ended June 30, 2011 and 2010, respectively, and $677,000 and $1.1 million during six months ended June 30, 2011 and 2010, respectively.

Funding from Research Foundations

The Juvenile Diabetes Research Foundation International

In October 2006, Sangamo announced an agreement with the Juvenile Diabetes Research Foundation International (JDRF) to provide financial support to one of our Phase 2 human clinical studies (SB-509-601) of SB-509, a ZFP Therapeutic® that is in development for the treatment of diabetic neuropathy. Under the agreement with JDRF and subject to its terms and conditions, including our achievement of certain milestones associated with the Phase 2 clinical trial (SB-509-601) of SB-509 for the treatment of mild to moderate diabetic neuropathy, JDRF was obligated to pay us an aggregate amount of up to $3.0 million which was received in full through December 31, 2009. 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.

In January 2010, JDRF and Sangamo amended the agreement and, subject to its terms and conditions, JDRF will provide additional funding of up to $3.0 million for a Phase 2b trial in diabetic neuropathy (SB-509-901) which is intended to partially fund expenses related to the trial. Under the amended agreement, Sangamo is obligated to use commercially reasonable efforts to carry out the Phase 2b trial and, thereafter, to develop and commercialize a product containing SB-509 for the treatment of diabetes and complications of diabetes. Sangamo is obligated to cover all costs of the Phase 2b trial that are not covered by JDRF's grant. If Sangamo fails 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 2b 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 Sangamo 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.

Revenues attributable to activities performed under the JDRF partnership were $0 and $125,000 during the three months ended June 30, 2011 and 2010, respectively, and $0 and $500,000 during the six months ended June 30, 2011 and 2010, respectively.

The Michael J. Fox Foundation for Parkinson's Research

In January 2007, Sangamo entered into an agreement with the Michael J. Fox Foundation for Parkinson's Research (MJFF) to provide financial support of a program to develop 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 paid the Company $950,000, the total funds due under the agreement, over a period of two years. In June 2010, Sangamo received a commitment for renewed funding from MJFF to support further studies of ZFP TF activators of GDNF. Subject to the terms and conditions of the agreement, the $895,000 award is being paid over a period of two years and is intended to substantially fund our research efforts related to the agreement. Revenue will be recognized based on expenses incurred by Sangamo in conducting research activities set forth in the agreement.

Revenues attributable to research and development performed under the MJFF agreement were $107,000 and $23,000 during the three months ended June 30, 2011 and 2010, respectively, and $410,000 and $23,000 during the six months ended June 30, 2011 and 2010, respectively.

California Institute for Regenerative Medicine

In October 2009, the California Institute for Regenerative Medicine (CIRM), a State of California entity, granted a $14.5 million Disease Team Research Award to develop an AIDS-related lymphoma therapy based on the application of ZFP nuclease (ZFN) gene-editing technology in stem cells. The four year grant supports an innovative research project conducted by a multidisciplinary team of investigators, including investigators from the University of Southern California, City of Hope National Medical Center and Sangamo BioSciences. Sangamo expects to receive funding up to $5.2 million from the total amount awarded based on expenses incurred for research and development efforts by Sangamo as prescribed in the agreement, and subject to its terms and conditions. The award is intended to substantially fund Sangamo's research and development efforts related to the agreement. The State of California has the right to receive, subject to the terms and conditions of the agreement between Sangamo and CIRM, payments from Sangamo resulting from sales of a commercial product resulting from research and development efforts supported by the grant, not to exceed two times the amount Sangamo receives in funding under the agreement with CIRM.

Revenues attributable to research and development performed under the CIRM grant agreement were $350,000 and $167,000 during the three months ended June 30, 2011 and 2010, respectively, and $761,000 and $167,000 during the six months ended June 30, 2011 and 2010, respectively.

CHDI Foundation, Inc.

In April 2011, Sangamo entered into an agreement with CHDI Foundation, Inc. (CHDI) to develop a novel therapeutic for Huntington's disease based on Sangamo's proprietary ZFP technology. The ZFP therapeutic approach will target the huntingtin gene that causes Huntington's disease, an inherited neurodegenerative disease for which there are currently no therapies available to slow the disease progression. Under the agreement with CHDI, and subject to its terms and conditions, CHDI will pay the Company $1.3 million, the total funds due under the agreement, over a period of one year.

Revenues attributable to research and development performed under the CHDI collaboration agreement were $375,000 for both the three and six month periods ended June 30, 2011. There were no revenues under the agreement during 2010.

NOTE 6 - INCOME TAXES

The Company maintains 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. Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain based on the Company's history of losses. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. Utilization of operating losses and credits may be subject to substantial annual limitation due to ownership change provisions of the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

NOTE 7 - STOCK-BASED COMPENSATION

The following table shows total stock-based compensation expenses included in the condensed consolidated statement of operations for the three month and six months ended June 30, 2011 and 2010 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Costs and expenses:				
Research and development	$ 900	$ 918	$1,811	$1,858
General and administrative	1,066	1,018	2,118	1,989
Total stock-based compensation expense	$1,966	$ 1,936	$3,929	$3,847

NOTE 8 - STOCKHOLDERS' EQUITY

On April 13, 2011, Sangamo completed an underwritten public offering of its common stock, in which the Company sold an aggregate of 6,700,000 shares of its common stock at a public offering price of $7.70 per share. The net proceeds to Sangamo from the sale of shares in this offering, after deducting underwriting discounts and commissions and other estimated offering expenses, were approximately $50.2 million.

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. You should read the following discussion and analysis along with the financial statements and notes attached to those statements included elsewhere in this report and in our annual report on Form 10-K for the year ended December 31, 2010 as filed with the SEC.

Overview

We were incorporated in June 1995. From our inception through June 30, 2011, 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.

For the second quarter ended June 30, 2011, we incurred a consolidated net loss of $10.3 million, or $0.20 per share, compared to a net loss of $3.9 million, or $0.09 per share, for the same period in 2010. As of June 30, 2011, we had cash, cash equivalents, marketable securities and interest receivable totaling $92.0 million, compared to $60.6 million as of December 31, 2010. As of June 30, 2011, we had an accumulated deficit of $237.3 million.

Our revenues have consisted primarily of revenues from our corporate partners for ZFP transcription factors (ZFP TFs) and ZFP 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 funding will continue beyond their initial terms.

In the development of our ZFP technology platform, we have continued to place more emphasis internally on higher-value ZFP Therapeutic product development and less on our non-therapeutic applications. We believe this emphasis has the potential to increase the return on investment to our stockholders by allocating capital resources to higher value, therapeutic product development activities. At the same time, it may reduce our revenues over the next several years and subject us to higher financial risk by increasing expenses associated with product development. We have filed Investigational New Drug (IND) applications with the U.S. Food and Drug Administration (FDA) and have initiated several Phase 2 clinical trials and a Phase 2b clinical trial of a ZFP Therapeutic in subjects with diabetic neuropathy and one Phase 2 clinical trial in subjects with Amyotrophic lateral sclerosis (ALS). We also have a Phase 1 / 2 clinical trial and two ongoing Phase 1 clinical trials to evaluate safety and clinical effect of a treatment for HIV/AIDS as well as a Phase 1 trial of a treatment of glioblastoma, a type of brain cancer. Other therapeutic development programs are focused on Parkinson's disease, monogenic diseases, neuropathic pain and nerve regeneration. Development of novel therapeutic products is costly and is subject to a lengthy and uncertain regulatory process by the FDA. Our future products will be gene-based therapeutics. Adverse events in both our own clinical program and other programs may have a negative impact on regulatory approval, the willingness of potential commercial partners to enter into agreements and the perception of the public on genetic therapeutics.

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

General and administrative expenses consist primarily of salaries and personnel related expenses for executive, finance and administrative personnel, including stock-based compensation expenses, professional services expenses, allocated facilities expenses, patent prosecution expenses 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 accompanying discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements and the related disclosures, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. 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 the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that there have been no significant changes in our critical accounting policies and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC.

Results of Operations

Three months and six months ended June 30, 2011 and 2010

Revenues

	Three months ended June 30, (in thousands, except percentage values)				Six months ended June 30, (in thousands, except percentage values)			
	2011	2010	Change	%	2011	2010	Change	%
Revenues:								
Collaboration agreements	$ 608	$6,210	$(5,602)	(90%)	$2,095	$12,409	$(10,314)	(83%)
Research grants	906	315	591	180%	1,619	764	855	112%
Total revenues	$1,514	$6,525	$(5,011)	(77%)	$3,714	$13,173	$ 9,459	(72%)

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

Revenues from our corporate collaboration and strategic partnering agreements were $608,000 for the three months ended June 30, 2011, compared to $6.2 million in the corresponding period in 2010. The decrease in collaboration agreement revenues was primarily due to the completion in July 2010 of the amortization period of revenues related to the commercial license fee received from Sigma under the expanded agreement of October 2009. Research grant revenues were $906,000 for the three months ended June 30, 2011, compared to $315,000 in the corresponding period in 2010. Research grant revenues increased due to revenues from CHDI of $375,000 and increased revenues from CIRM and MJFF of $184,000 and $84,000, respectively.

Revenues from our corporate collaboration and strategic partnering agreements were $2.1 million for the six months ended June 30, 2011, compared to $12.4 million in the corresponding period in 2010. The decrease in collaboration agreement revenues was primarily attributable to decreased revenues of $10.0 million in connection with our license agreement with Sigma, which was expanded in October 2009, and by decreased revenues of $281,000 in connection with our license agreement with DAS primarily due to decreased research and manufacturing services provided. Research grant revenues were $1.6 million for the six months ended June 30, 2011, compared to $764,000 in the corresponding period in 2010. The increase in research grant revenues was primarily due to revenues of $375,000 from CHDI and increased revenues from CIRM and MJFF of $594,000 and $387,000, respectively. This was partially offset by decreased revenues from JDRF of $500,000.

Operating Expenses

	Three months ended June 30, (in thousands, except percentage values)				Six months ended June 30, (in thousands, except percentage values)			
	2011	2010	Change	%	2011	2010	Change	%
Operating expenses:								
Research and development	$ 8,119	$ 7,147	$ 972	14%	$16,381	$14,512	$1,869	13%
General and administrative	3,676	3,257	419	13%	7,215	6,543	672	10%
Total expenses	$11,795	$10,404	$1,391	13%	$23,596	$21,055	$2,541	12%

Research and development

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

Research and development expenses were $8.1 million for the three months ended June 30, 2011, compared to $7.1 million in the corresponding period in 2010. The increase in research and development expenses was primarily due to increased clinical expenses associated with our diabetic neuropathy and HIV/AIDS programs.

Research and development expenses were $16.4 million for the six months ended June 30, 2011, compared to $14.5 million in the corresponding period in 2010. The increase in research and development expenses was primarily due to increased clinical expenses associated with our diabetic neuropathy and HIV/AIDS programs.

General and administrative

General and administrative expenses consist primarily of salaries and personnel related expenses for executive, finance and administrative personnel, including stock-based compensation, professional services expenses, allocated facilities expenses, patent prosecution expenses and other general corporate expenses.

General and administrative expenses were $3.7 million for the three months ended June, 2011 and $3.3 million for the corresponding period in 2010. The increase was primarily attributable to increased professional services related expenses of $244,000 and increased patent prosecution expenses of $119,000.

General and administrative expenses were $7.2 million for the six months ended June 30, 2011, compared to $6.5 million in the corresponding period in 2010. The increase was primarily attributable to increased professional services related expenses of $404,000 and increased personnel related expenses of $349,000, including stock-based compensation.

Interest Income, net

	Three months ended June 30, (in thousands, except percentage values)				Six months ended June 30, (in thousands, except percentage values)			
	2011	2010	Change	%	2011	2010	Change	%
Interest income, net	$ 22	$ 19	$ 3	16%	$ 45	$ 44	$ 1	2%

Interest income, net, was $22,000 for the three months ended June 30, 2011, compared to $19,000 in the corresponding period in 2010 and $45,000 for the six months ended June 30, 2011, compared to $44,000 in the corresponding period in 2010

Liquidity and Capital Resources

Liquidity

Since inception, we have incurred significant annual net losses and we have funded our operations primarily through the issuance of equity securities, payments from corporate collaborators and strategic partners and research grants.

As of June 30, 2011, we had cash, cash equivalents, marketable securities and interest receivable totaling $92.0 million compared to $60.6 million as of December 31, 2010. The increase was primarily attributable to the completion of an underwritten public offering of the Company’s common stock in April 2011, in which 6,700,000 shares of Sangamo common stock were sold at a public offering price of $7.70 per share. The net proceeds to the Company from the sale of shares in this offering, after deducting underwriting discounts and commissions and other estimated offering expenses, were approximately $50.2 million. This was partially offset by the use of capital required to fund our continuing operations, including the advancement of our ZFP Therapeutic programs. Our most significant use of capital pertains to salaries and benefits for our employees and external development expenses, such as manufacturing and clinical trial activity, related to our ZFP Therapeutic programs. Our cash and investment balances are held in a variety of interest bearing instruments, including obligations of U.S. government agencies, U.S. treasury debt securities, corporate debt securities and money market funds. Cash in excess of immediate requirements is invested in accordance with our investment policy with a view toward capital preservation and liquidity.

Cash Flow

Net cash used in operating activities for the six months ended June 30, 2011 and 2010 was $19.4 million and $15.4 million, respectively. Net cash used in operating activities for the six months ended June 30, 2011 primarily reflects the net loss for the period, a decrease in accounts payable and accrued liabilities and an increase in accounts receivable, partially offset by stock-based compensation. Net cash used in operating activities for the six months ended June 30, 2010 primarily reflects the net loss for the period, a decrease in deferred revenues, primarily associated with our expanded Sigma license agreement, and a decrease in accounts payable and accrued liabilities, partially offset by stock-based compensation.

Net cash used by investing activities was $34.5 million for the six months ended June 30, 2011. Net cash provided in investing activities was $6.4 million for the six months ended June 30, 2010. Cash flows from investing activities for both periods primarily related to purchases and maturities of investments.

Net cash provided by financing activities for the six months ended June 30, 2011 and 2010 was $51.6 million and $681,000, respectively. The increase for the six month period ended June 30, 2011 was primarily attributable to the public offering of the Company’s common stock noted above. The increase for the six months period ended June 30, 2010 was primarily related to proceeds from the issuance of common stock upon exercise of stock options.

Operating Capital and Capital Expenditure Requirements

We expect our rate of cash usage to increase in the future, in particular, to support our product development activities. We believe that the available cash resources, proceeds received from our equity financing, funds received from corporate collaborators, strategic partners and research grants will enable us to maintain our currently planned operations at least through 2012, including support for our continuing research and development of our ZFP Therapeutic product candidates and research programs, clinical trials and business development activities. Future capital requirements will be substantial and if our capital resources are insufficient to meet future capital requirements, we will need to raise additional capital to fund our operations, including ZFP Therapeutic development activities. Additional capital may not be available in terms acceptable to us, or at all. If adequate funds are not available, or if the terms underlying potential funding sources are unfavorable, our business and our ability to develop our technology and our ZFP Therapeutic products would be harmed.

Our future capital requirements will depend on many forward looking factors and are not limited to the following:

- the initiation, progress, timing and completion of clinical trials for our product candidates and potential product candidates;
- the outcome, timing and cost of regulatory approvals;
- delays that may be caused by changing regulatory requirements;
- the number of product candidates that we pursue;
- the costs involved in filing and prosecuting patent applications and enforcing and defending patent claims;
- the timing and terms of future in-licensing and out-licensing transactions;
- the cost and timing of establishing sales, marketing, manufacturing and distribution capabilities;
- the cost of procuring clinical and commercial supplies of our product candidates;
- the extent to which we acquire or invest in businesses, products or technologies;
- the ability to access the capital market; and
- the costs of litigation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. We do not have any foreign currency or other derivative financial instruments.

Our market risks at June 30, 2011 have not changed materially from those discussed in Item 7A of our Form 10-K for the year ended December 31, 2010 on file with the SEC.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

As required by the Securities and Exchange Commission Rule 13a-15(b), we carried out an evaluation, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Change in Internal Control over Financial Reporting

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

This Form 10-Q contains forward-looking information based on our current expectations. Because our actual results may differ materially from any forward-looking statements made by or on behalf of Sangamo, this section includes a discussion of important factors that could affect our actual future results, including, but not limited to, our revenues, expenses, net loss and loss per share. You should carefully consider these risk factors, together with all of the other information included in this Form 10-Q as well as our other publicly available filings with the Securities and Exchange Commission.

Risks Relating to Development, Commercialization and Regulatory Approval of our Products and Technology

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

We have initiated and completed enrollment of a Phase 1 study and several Phase 2 clinical trials of our lead ZFP Therapeutic, SB-509, for diabetic neuropathy and ALS and the drug has been well tolerated. However, if our lead ZFP Therapeutic fails one of its safety studies, it could reduce our ability to attract new investors and corporate partners. In January 2005, we filed an IND application with the FDA for SB-509, a ZFP TF activator of VEGF-A, for the treatment of mild to moderate diabetic neuropathy. We completed enrollment and treatment of a Phase 1, single blind, single dose, dose-escalation trial to measure the laboratory and clinical safety of SB-509. We have completed enrollment and treatment of repeat-dosing Phase 2 clinical trials (SB-509-601, SB-509-701) and SB-509-703) and have an ongoing Phase 2b trial (SB-509-901). We also have completed a Phase 2 clinical trial (SB-509-801) to evaluate SB-509 for the treatment of ALS. A significant number of the trial subjects have received more than one dose of SB-509 during the course of these Phase 2 studies and all trial subjects undergo long-term follow up examination once the study is complete. In addition, Phase 1 clinical trials of an identical ZFP TF have been carried out in subjects with peripheral artery disease. To date, the drug has been well-tolerated in all of these subjects in clinical trials.

In December 2008, in collaboration with scientists at the University of Pennsylvania, an IND application was filed for a Phase 1 trial of our CCR5 ZFN-based therapeutic, SB-728-T, for treatment of HIV/AIDS. In September 2009, we announced FDA's review and acceptance of our IND application to initiate an open-label, repeat-dosing Phase 1 clinical trial of SB-728-T (SB-728-T-902). Preliminary data from these studies demonstrated that, to date, treatment of aviremic HIV-infected subjects with SB-728-T has been well-tolerated. We also have an on-going Phase 1/2 trial (SB-728-T-1002).

All of these studies are designed primarily to evaluate the safety and tolerability of this ZFP Therapeutic approach. Our clinical studies are a highly visible test of our ZFP Therapeutic approach. Since we have increased our focus on ZFP Therapeutic research and development, investors increasingly assess the value of our technology based on the continued progress of ZFP Therapeutic products into and through clinical trials. If clinical trials of our lead therapeutic were halted due to safety concerns, this would negatively affect our operations and the value of our stock.

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

The results in early phases of clinical testing are based upon limited numbers of patients and a limited follow-up period. Typically, our Phase 1 clinical trials for indications of safety enroll less than 25 patients. The initial results from the Phase 1 clinical trial of our ZFP Therapeutic product, SB-509, became available in the first half of 2006 and the complete data set was presented in June 2008. The primary end point of the trial was clinical and laboratory safety; however, we collected some preliminary efficacy data that showed trends of clinical improvement in some subjects. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late stage clinical trials even after achieving promising results in earlier stage clinical trials. If a larger population of patients does not experience positive results, or if these results are not reproducible, our products may not receive approval from the FDA. Failure to confirm favorable results from earlier trials by demonstrating the safety and effectiveness of our ZFP Therapeutic products in late stage clinical trials with larger patient populations could have a material adverse effect on our business that would cause our stock price to decline significantly.

Our first Phase 2 clinical trial (SB-509-601) for safety and efficacy in subjects with diabetic neuropathy enrolled 110 patients, and top-line data from this study were presented in November 2008. While these results demonstrated that the drug was well-tolerated in a repeat-dose setting, no differences were observed in neurologic end-points between the SB-509 and placebo-treated subjects other than a statistically significant improvement in intraepidermal nerve fiber density (IENFD) which is currently not an approvable end-point for this indication. Subsequently we have performed subgroup analyses of these data which suggest that positive and clinically relevant effects of the drug are more clearly demonstrated in subjects with a certain severity of disease. These retrospective subgroup analyses helped to define the inclusion criteria for subjects recruited into our ongoing Phase 2b clinical trial (SB-509-901) which could increase the risk that clinical efficacy of SB-509 will not be demonstrated.

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 several Phase 2 clinical trials in DN and ALS and have an ongoing Phase 2b trial of our ZFP Therapeutic for DN. We have two ongoing Phase 1 trials and a Phase 1/2 study of a ZFP Therapeutic for HIV/AIDS. 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 have limited experience in conducting clinical trials and may not possess the necessary resources and expertise to complete such trials, and there is no guarantee that we will be able to enter into collaborative relationships with third parties that can provide us with the funding and expertise for such trials.

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

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

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

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

Before commencing clinical trials in humans, we must submit an Investigational New Drug (IND) application to the FDA. The FDA has 30 days to comment on the application and if the agency has no comments, we or our commercial partner may begin clinical trials.

Clinical trials are subject to oversight by institutional review boards and the FDA. In addition, our proposed clinical studies require review from the Recombinant DNA Advisory Committee (RAC), which is the advisory board to the National Institutes of Health (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 application filing date.

Clinical trials:

- must be conducted in conformance with the FDA's good clinical practices, within the guidelines of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) 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 oversight by a Data Safety Monitoring Board (DSMB);
- 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 application or the conduct of these trials.

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

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

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

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, therefore 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.

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

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

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

Under typical partnering agreements we would expect to receive revenue for the research and development of a ZFP Therapeutic product based on achievement of specific milestones. Achieving these milestones will depend, in part, on the efforts of our partner as well as our own. If we, or any partner, fail to meet specific milestones, then the partnership may be terminated, which could reduce our revenues. For more information on risks relating to our third party collaborative agreements, see “Risks Relating to our Collaborative Relationships.”

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

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

The expected value and utility of our ZFP TFs and ZFNs is in part based on our belief that the targeted or specific regulation of gene expression and targeted gene modification may enable us to develop a new therapeutic approach as well as to help scientists better understand the role of genes in disease, 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 have increased the focus of our research and development programs on human therapeutics, which will increase operating expenditures and the uncertainty of our business.

We have increased the focus of our research and development activities on ZFP Therapeutics. This change in focus has increased operating expenditures due to larger financial outlays to fund preclinical studies, manufacturing, and clinical research. The focus on ZFP Therapeutics will also increase the visibility of our lead therapeutic programs and the potential impact on the stock price of news releases relating to these programs.

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

Our proprietary research programs consist of research which is funded solely by us or by grant funding and in which we retain exclusive rights to therapeutic products generated by such research. This is in contrast to certain of our research programs that may be funded by corporate partners and in which we may share rights to any resulting products. We have conducted proprietary research since inception. However, in the past several years, our strategy has shifted toward placing greater emphasis on proprietary research and therapeutic development and we expect this trend will continue in 2011 as we continue to prosecute our Phase 1, 1/2 and Phase 2b clinical trials and bring new ZFP Therapeutics into clinical trials. Conducting proprietary research programs may not generate corresponding revenue and may create conflicts with our collaborators or strategic partners over rights to our intellectual property with respect to our proprietary research activities. Any conflict with our collaborators or strategic partners could reduce our ability to enter into future collaborations or partnering agreements and negatively impact our relationship with existing collaborators and partners which could reduce our revenue and delay or terminate our product development. The implementation of this strategy will involve substantially greater business risks, the expenditure of significantly greater funds than our historic research activities and will require substantial commitments of time from our management and staff.

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

In order to regulate or modify a gene in a cell, the ZFP TF or ZFN must be efficiently delivered to the cell. We have licensed certain gene transfer technologies for our ZFP TFs and ZFNs in research. We are evaluating these systems and other technologies that may need to be used in the delivery of ZFP TFs or ZFNs into cells for in vitro and in vivo applications, including ZFP Therapeutics. However, we may not be able to license the gene transfer technologies required to develop and commercialize our ZFP Therapeutics. We have not developed our own gene transfer technologies, and we rely on our ability to enter into license agreements to provide us

with rights to the necessary gene transfer technology. Our approach has been to license appropriate technology as required. 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.

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

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

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.

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

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

Risks Relating to our Industry

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 effective and less expensive. Competing technologies may include other methods of regulating gene expression or modifying genes. ZFP TFs and ZFNs have broad application in the life sciences industry and compete with a broad array of new technologies and approaches being applied to genetic research by many companies. Competing proprietary technologies with our product development focus include:

- For ZFP Therapeutics:
    - small molecule drugs;
    - monoclonal antibodies;
    - recombinant proteins;
    - gene therapy/cDNAs;
    - antisense;
    - siRNA and microRNA approaches;
    - meganucleases; and
    - TALE (transcription activator-like effector) technology.

- For our Non-Therapeutic Applications:
  - *For protein production:* gene amplification, meganucleases, TALE technology, insulator technology, mini-chromosomes;
  - *For target validation:* antisense, siRNA, TALE Technology;
  - *For plant agriculture:* recombination approaches, mutagenesis approaches, meganucleases, TALE technology, mini-chromosomes; and
  - *For transgenic animals:* somatic nuclear transfer, embryonic stem cell, TALE and transposase technologies.

In addition to possessing competing technologies, our competitors include pharmaceutical and biotechnology companies with:

- substantially greater capital resources than ours;
- larger research and development staffs and facilities than ours; and
- greater experience in product development and in obtaining regulatory approvals and patent protection.

These organizations also compete with us to:

- attract qualified personnel;
- attract parties for acquisitions, joint ventures or other collaborations; and
- license the proprietary technologies of academic and research institutions that are competitive with our technology, which may preclude us from pursuing similar opportunities.

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

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

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

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

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

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

Risks Relating to our Finances

We have incurred significant operating losses since inception and anticipate that we will incur continued losses for the foreseeable future.

We have generated operating losses since we began operations in 1995. The extent of our future losses and the timing of profitability are uncertain, and we expect to incur losses for the foreseeable future. We have been engaged in developing our ZFP TF technology since inception, which has and will continue to require significant research and development expenditures. To date, we have generated our funding from issuance of equity securities, revenues derived from strategic partnering agreements, other collaborations in non-therapeutic applications of our technology, federal government research grants and grants awarded by research foundations. As of June 30, 2011, we had an accumulated deficit of $237.3 million. From 2005 to date, we have generated an aggregate of approximately $150.0 million in net proceeds from the sale of our equity securities. We expect to continue to incur additional operating losses for the next several years as we continue to 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 or other sources of funding, we may be forced to curtail or suspend 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 2012, we may need to seek additional sources of capital through equity or debt financing. Since the financial crisis in 2008, the credit markets have experienced significant upheaval, while the equity market has exhibited a high degree of volatility. These external factors have contributed to the difficulty of emerging biotechnology companies to raise capital through equity or debt financing. While we have observed improvements in the capital market recently, we cannot be certain that this trend will continue or that we will not experience similar difficulties in accessing the capital market in the future. 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 hundreds of millions of dollars per product. We cannot be certain that we will be able to obtain financing on terms acceptable to us, or at all. Our failure to obtain adequate and timely funding will materially adversely affect our business and our ability to develop our technology and ZFP Therapeutic products. Furthermore, any sales of additional equity securities may result in dilutions to our stockholders.

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 three years ended December 31, 2010, 2009 and 2008 were $24.9 million, $18.6 million and $24.3 million, respectively. To date, our revenues have been generated from strategic partners, other collaborations in non-therapeutic applications of our technology, and federal government and research foundation grants. Since 2005, we have placed significant emphasis on higher-value therapeutic product development and related strategic partnerships. This shift in emphasis has the potential to increase the return on investment to our stockholders by allocating capital resources to higher value, therapeutic product development activities. At the same time, it increases our financial risk by increasing expenses associated with product development. In addition, the preclinical or clinical failure of any single product, such as our Phase 2b clinical trial of SB-509, may have a significant effect on the actual or perceived value of our shares. Our business is subject to all of the risks inherent in the development of a new technology, which included the need to:

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

Risks Relating to our Collaborative Relationships

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

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

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

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

For some programs we may be dependent on third party collaborators to design and conduct our clinical trials. As a result, we may not be able to conduct these programs in the manner or on the time schedule we currently contemplate, which may negatively impact our business operations. 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 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.

If we do not successfully commercialize ZFP-based research reagents, ZFP-modified cell lines for commercial protein production, or ZFP-engineered transgenic animals under our license agreement with Sigma-Aldrich Corporation or ZFP-based agricultural products with Dow AgroSciences, or if Sigma or Dow AgroSciences terminates our agreements, our ability to generate revenue under these license agreements may be limited.

In July 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 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. This relationship was expanded in October 2009 when we amended our license agreement with Sigma to provide Sigma with the exclusive rights to develop and distribute ZFP-modified cell lines for commercial production of protein pharmaceuticals and, certain ZFP-engineered transgenic animals for commercial applications. In June 2008, following a research period, Dow AgroSciences (DAS) exercised its commercial license option under a license agreement with Sangamo relating to plant agriculture. This agreement provides DAS with the exclusive right to develop agricultural products using our ZFP technology in plant cells, plants, or plant cell cultures. Both companies also have the right to sublicense our technology in their respective areas. In addition to upfront payments, Sangamo may also receive additional license fees, shared sublicensing revenues, royalty payments and milestone payments depending on the success of the development and commercialization of the licensed products and services covered under both agreements. The commercial milestones and royalties are typically based upon net sales of licensed products.

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

If we do not successfully commercialize certain ZFP Therapeutic programs relating to diabetic neuropathy under our agreement with JDRF, they 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.

In October 2006, we entered into a Research, Development and Commercialization Agreement with JDRF. Under the agreement and subject to its terms and conditions, including our achievement of certain milestones associated with our Phase 2 clinical trial of SB-509 (SB-509-601) for the treatment of diabetic neuropathy, JDRF paid us a total of $3.0 million through June 30, 2009. We were obligated to cover the costs of the Phase 2 trial that were not covered by JDRF's grant. Our agreement with JDRF was amended in January 2010 to provide up to $3.0 million in additional funding for our Phase 2b clinical trial (SB-509-901) for the treatment of diabetic neuropathy.

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

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

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

Risks Relating to our Intellectual Property and Business Operation

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 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.

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 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 certain 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.

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 82 full-time employees as of June 30, 2011, 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.

Risks Relating to our Common Stock and Corporate Organization

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

During the quarter ended June 30, 2011, our common stock price ranged from a low of $5.59 to high of $8.36. During the past two years our common stock price has fluctuated, ranging from a low of $2.96 to a high of $7.11 during the year ended December 31, 2010, and a low of $2.72 to a high of $9.03 during the year ended December 31, 2009. The market instability caused by the financial crisis of 2008 has contributed to the volatility of our stock price. 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 various factors, some of which are beyond our control, including but not limited to the following:

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

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

Reports of serious adverse events in a retroviral gene transfer trial for infants with X-linked severe combined immunodeficiency (X-linked SCID) in France and subsequent FDA actions putting related trials on hold in the United States had a significant negative impact on the public perception and stock price of certain companies involved in gene therapy. Stock prices of these companies declined whether or not the specific company was involved with retroviral gene transfer for the treatment of infants with X-linked

SCID, or whether the specific company's clinical trials were placed on hold in connection with these events. Other potential adverse events in the field of gene therapy may occur in the future that could result in greater governmental regulation of our potential products and potential regulatory delays relating to the testing or approval of our potential products. These external events may have a negative impact on public perception of our business, which could cause our stock price to decline.

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

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

Similarly, our authorized but unissued common stock is available for future issuance without stockholder approval.

In addition, our bylaws:

- state that stockholders may not act by written consent but only at a stockholders' meeting;
- establish advance notice requirements for nominations for election to the board of directors or proposing matters that can be acted upon at stockholders' meetings; and
- prohibit stockholders from calling 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.

ITEM 6. EXHIBITS

(a) Exhibits:

10.1++	Letter Agreement between Sangamo and Sigma-Aldrich Corporation, dated March 1, 2011
10.2++	Letter dated May 19, 2011 from Dow AgroSciences LLC ("DAS") to Sangamo amending the Research and Commercial License Option Agreement between DAS and Sangamo, dated as of October 1, 2005, as amended
10.3*	Amended and Restated Employment Agreement between the Sangamo and Edward O. Lanphier II, dated June 21, 2011
10.4*	Employment Agreement between Sangamo and Dr. Geoff Nichol, dated June 17, 2011
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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

++ 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.

* Indicates management contract or compensatory plan or arrangement.

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.

Dated: August 5, 2011

SANGAMO BIOSCIENCES, INC.

/S/ H. WARD WOLFF

H. Ward Wolff
Executive Vice President and Chief Financial Officer
(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 the place of the redacted language. The redacted information has been filed separately with the Commission.

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

March 1, 2011

David A. Smoller, Ph.D.
Chief Scientific Officer
Sigma-Aldrich Co.
3050 Spruce Street,
St. Louis, MO 63103

Re: Research Agreement with CHDI Foundation, Inc.

Dear Dave:

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

1. CHDI Foundation, Inc. ("CHDI") desires that Sangamo perform four research projects involving the generation and in vitro testing of zinc finger proteins (such proteins and nucleic acids encoding and capable of expressing such proteins, "ZFPs") intended to bind and modulate expression of [***] of which are instrumental in the development of Huntington's disease (collectively, the "Research"). For clarity, the Research does not involve the generation or testing of zinc finger nucleases.

2. Sangamo is entering into an agreement with CHDI (the "CHDI-Sangamo Agreement") with respect to the performance of the Research and the rights of Sangamo, Sigma and CHDI with respect to ZFPs, data and intellectual property rights arising from such Research.

3. A copy of the CHDI-Sangamo Agreement, which has been redacted solely to remove the amount of the FTE rate paid by CHDI to Sangamo, has been provided to Sigma by Sangamo. The provisions of the CHDI-Sangamo Agreement that pertain to Sigma or are relevant to the Sigma-Sangamo Agreement are summarized as follows:

(a) Subject to CHDI's right to cancel all or part of the Research and the rights of each of CHDI and Sangamo to terminate the CHDI-Sangamo Agreement and thereby discontinue Sangamo's performance of the Research, Sangamo shall perform the Research under the supervision of a steering committee and shall receive payment from CHDI for such performance;

(b) For each of the four projects that comprise the Research, CHDI has the right to choose up to 3 ZFPs designed and tested by Sangamo in the course of performing such project as "Foundation Selected Project ZFPs." For all Foundation Selected Project ZFPs and all vectors, plasmids and other nucleic acid forms encoding Foundation Selected ZFPs (collectively, "Project Research Materials"), CHDI has the following rights:

(i) To receive from Sangamo, with respect to each Foundation Selected Project ZFP, at least [***] such Foundation Selected Project ZFP (each such plasmid, a "Project Deliverable");

(ii) To use Project Research Materials to identify, test, develop or manufacture a product or service for the diagnosis, treatment, cure or prevention of Huntington's disease, provided that such Project Research Materials are not (1) used in humans, including in human clinical trials, (2) sold or offered for sale, or (3) used in any service offered to any third party (such permitted uses, "HD Research and Development");

(iii) To make and store additional quantities of the Project Deliverables, to create new Project Research Materials that encode the same Foundation Selected Project ZFP and to make and store such additional Project Research Materials;

(iv) To engage one or more third parties (each, a "Foundation ZFP Manufacturer") to (1) make, on CHDI's behalf, additional quantities of Project Deliverables and other Project Research Materials that encode the same Foundation Selected Project ZFP, (2) store Project Research Materials on CHDI's behalf, and (3) distribute Project Research Materials, on CHDI's behalf, to those entities to which CHDI has the right to distribute Project Research Materials as described in paragraph (v) below; and

(v) To distribute Project Research Materials to (1) [***] (such entities together with their successors in interest, "Preferred Foundation Collaborators"), solely for them to perform HD Research and Development activities funded by CHDI, which may include engaging fee-for-service laboratories to perform such activities on the behalf of such Preferred Foundation Collaborator and distributing Project Research Materials to such fee-for-service laboratories solely for use in such performance.

(c) Notwithstanding the foregoing, CHDI does not have any right to alter the amino acid sequence of any Foundation Selected Project ZFP or to file any patent application that claims the composition of matter or use of any ZFP designed, made or tested by Sangamo in the course of performing the Research (each such ZFP, a "Project ZFP"). Before CHDI can provide (directly or indirectly) any Project Research Material to any Foundation ZFP Manufacturer or any Preferred Foundation Collaborator, it must enter into a written agreement with such Foundation ZFP Manufacturer or any Preferred Foundation Collaborator that requires such entity to comply with the applicable limitations set forth above and that prohibits such entity from altering the amino acid sequence of any Foundation Selected Project ZFP and from filing any patent application that claims the composition of matter or use of any Project ZFP. Sangamo shall be a third party beneficiary to these agreements with respect to such limitations and prohibitions. CHDI shall provide Sangamo with a copy of each such agreement, shall take commercially reasonable efforts to cause such entity to comply with such limitations and prohibitions, and shall cooperate with Sangamo's exercise of its third party beneficiary rights.

(d) Sangamo is obligated to provide to Sigma, within 30 days after CHDI's selection of a particular Foundation Selected Project ZFP, a reasonable quantity of the Project Deliverable for such Foundation Selected Project ZFP and those data arising from the Research that relate to such Foundation Selected Project ZFP and that Sangamo reasonably expects Sigma will need in order to decide whether it desires to sell Project Research Materials that encode such Foundation Selected Project ZFP in the Field pursuant to the Sigma-Sangamo Agreement. Sangamo is obligated to provide CHDI with a list of the Project Deliverables and data delivered to Sigma and the date of such delivery. If Sigma wishes to exercise its right to sell such Project Research Materials in the Field pursuant to the Sigma-Sangamo Agreement, it must notify Sangamo in writing within 60 days of its receipt of such data. If Sigma exercises such right, CHDI shall nevertheless have the rights set forth in paragraph (b) above (subject to the limitations set forth in paragraph (c) above) with respect to Project Research Materials that encode such Foundation Selected Project ZFP. If Sigma does not exercise such right or, if despite timely exercising such right, Sigma either (1) does not, within 120 days after receipt of such data, commence sale of Project Research Materials that encode such Foundation Selected ZFP, for all activities within the scope of HD Research and Development, or (2) stops selling such Project Research Materials for such activities and stops complying with or responding to CHDI's requests to sell such Project Research Materials to particular entities, then all Project Research Materials that encode such Foundation Selected Project ZFP shall be considered "Sigma Non-Distributed Project Research Materials" and CHDI shall have the following rights with respect thereto, unless and until they cease to be Sigma Non-Distributed Project Research Materials as described in paragraph (f) below:

(i) To use Sigma Non-Distributed Project Research Materials for HD Research and Development;

(ii) To make and store additional quantities of the Project Deliverables for Sigma Non-Distributed Project Research Materials, to create new Sigma Non-Distributed Project Research Materials that encode the same Foundation Selected Project ZFP and to make and store such additional Sigma Non-Distributed Project Research Materials;

(iii) To engage one or more Foundation ZFP Manufacturers to (1) make, on CHDI's behalf, additional quantities of Project Deliverables and other Sigma Non-Distributed Project Research Materials that encode the same Foundation Selected Project ZFP, (2) store Sigma Non-Distributed Project Research Materials on CHDI's behalf, and (3) distribute Sigma Non-Distributed Project Research Materials, on CHDI's behalf, to those entities to which CHDI has the right to distribute Sigma Non-Distributed Project Research Materials as described in paragraph (iv) below;

(iv) To distribute Sigma Non-Distributed Project Research Materials to (1) Foundation ZFP Manufacturers, solely for them to perform the activities described in paragraph (iii) above and (2) third parties and affiliates of CHDI (each a "Sigma Non-Distributed Project Research Material Distributee"), solely for them to perform HD Research and Development, which may include engaging fee-for-service laboratories to perform such research and development on the behalf of such Sigma Non-Distributed Project Research Material Distributee and distributing Project Research Materials to such fee-for-service laboratories solely for use in such performance; and

(v) To receive reimbursement from each Sigma Non-Distributed Project Research Material Distributee for any shipping or handling expenses incurred by CHDI in connection with distributing those Sigma Non-Distributed Project Research Materials received by

such Sigma Non-Distributed Project Research Material Distributee; provided that (1) CHDI does not receive any other compensation or consideration from any Sigma Non-Distributed Project Research Material Distributee in connection with distribution of Sigma Non-Distributed Project Research Materials to such Sigma Non-Distributed Project Research Material Distributee and (2) CHDI does not sell or transfer title to any Sigma Non-Distributed Project Research Material.

(e) Notwithstanding the foregoing, CHDI does not have any right to alter the amino acid sequence of any Foundation Selected Project ZFP or to file any patent application that claims the composition of matter or use of any Project ZFP. Before CHDI can provide (directly or indirectly) any Sigma Non-Distributed Project Research Material to any Foundation ZFP Manufacturer or any Sigma Non-Distributed Project Research Material Distributee, it must enter into a written agreement with such Foundation ZFP Manufacturer or Sigma Non-Distributed Project Research Material Distributee that requires such entity to comply with the applicable limitations set forth above and that prohibits such entity from altering the amino acid sequence of any Foundation Selected Project ZFP and from filing any patent application that claims the composition of matter or use of any Project ZFP. Sangamo shall be a third party beneficiary to these agreements with respect to such limitations and prohibitions. CHDI shall provide Sangamo with a copy of each such agreement, shall take commercially reasonable efforts to cause such entity to comply with such limitations and prohibitions, and shall cooperate with Sangamo's exercise of its third party beneficiary rights.

(f) All Sigma Non-Distributed Project Research Materials with respect to a particular Foundation Selected Project ZFP shall cease to be Sigma Non-Distributed Project Research Materials and shall revert to being Project Research Materials (in which case CHDI shall have the rights set forth in paragraph (b) above (subject to the limitations set forth in paragraph (c) above), rather than the rights set forth in paragraph (d) above (subject to the limitations set forth in paragraph (e) above)) under the following circumstances:

(i) With respect to those Project Research Materials that became Sigma Non-Distributed Project Research Materials on account of Sigma, after timely exercising its right to sell such materials, failing to commence sale, within 120 days after receipt of data from Sangamo with respect to the applicable Foundation Selected Project ZFP, of any Project Research Materials that encode such Foundation Selected Project ZFP, for all activities within the scope of HD Research and Development: such materials shall cease to be Sigma Non-Distributed Project Research Materials at such time as Sigma makes at least one Project Research Material that encodes such Foundation Selected Project ZFP available for sale to third parties, for all activities within the scope of HD Research and Development (including upon CHDI's request) and Sigma notifies CHDI in writing of such availability; or

(ii) With respect to those Project Research Materials that became Sigma Non-Distributed Project Research Materials on account of Sigma, after timely exercising its right to sell such materials and commencing sale of Project Research Materials that encode such Foundation Selected Project ZFP for all activities within the scope of HD Research and Development, ceasing sale of such Project Research Materials for such activities or ceasing compliance with or response to CHDI's requests to sell such Project Research Materials to particular entity and notifying CHDI that Sigma is trying to overcome a shortage or manufacturing difficulties with such Project Research Material: such materials shall cease to be Sigma Non-Distributed Project Research Materials at such time as Sigma notifies CHDI in writing that Sigma has succeeded in overcoming such shortage or manufacturing difficulty and such material is available (including upon CHDI's request) for sale for all activities within the scope of RD Research and Development.

(g) During the period between Sigma's timely exercise of its right to sell Project Research Materials that encode a particular Foundation Selected Project ZFP and Sigma's commencement of sale of such Project Research Materials for all activities within the scope of HD Research and Development, if CHDI requests that Sigma sell such Project Research Materials to a particular entity, Sigma shall use commercially reasonable efforts to make available to such entity for sale for all activities within the scope of HD Research and Development, Project Research Material of Sigma's choosing that encodes such Foundation Selected Project ZFP.

(h) At the request of CHDI, which request identifies one or more particular Preferred Foundation Collaborators and one or more particular Project Research Materials that are then being sold by Sigma for all activities within the scope of HD Research and Development and that such Preferred Foundation Collaborator(s) will use in HD Research and Development activities funded by CHDI, Sigma will sell such Project Research Materials to such Preferred Foundation Collaborator(s) at the price that Sigma then sells such Project Research Materials to customers that are non-profit entities (despite the fact that such Preferred Foundation Collaborator(s) are not non-profit entities), provided that such Preferred Foundation Collaborator(s) use such Project Research Materials solely to perform HD Research and Development activities funded by CHDI.

(i) If CHDI or a Preferred Foundation Collaborator purchases Project Research Materials from Sigma, which Project Research Materials, in the case of purchase by a Preferred Foundation Collaborator, are purchased and used for the sole purpose of conducting HD Research and Development funded by CHDI, then CHDI's and such Preferred Foundation Collaborator's rights to use and distribute such Project Research Materials will be governed by the more permissive of (1) any label license or other agreement between Sigma and CHDI or such Preferred Foundation Collaborator that applies to such purchased Project Research Materials and (2) the terms and conditions set forth in paragraphs (b) and (c) above. With respect to such purchased Project Research Materials, Sigma shall not enforce against CHDI or any Preferred Foundation Collaborator any terms of any label license or other agreement between Sigma and CHDI or such Preferred Foundation Collaborator that are more restrictive than the terms and conditions set forth in paragraphs (b) and (c) above.

(j) Sangamo shall solely own and CHDI shall not have any ownership, license or other interest in:

(i) any data, formulae, outcomes or other results that are produced in the course of the Research while Sangamo is using its proprietary process for designing, generating and optimizing ZITS and before the determination of the amino acid sequence of any Project ZFP for the applicable research project, and that, if disclosed, would result in the disclosure of such process, except to the extent that they constitute (1) data that constitute the (x) amino acid sequence of any Project ZFP, (y) the nucleic acid sequence of any Project ZFP, or (z) a nucleic acid sequence that encodes any Project ZFP (such data, "Project ZFP Sequence Results"), (2) Company Background Intellectual Property (as defined in paragraph (r) below) or (3) Foundation Background Intellectual Property (as defined in paragraph (q) below) (such data, formulae, outcomes or other results, the "Project Non-Sequence Design Phase Results"). For clarity, the Project Non-Sequence Design Phase Results does not include any data, formulae, outcomes or other results of any of the following types: (A) the code number assigned by Sangamo to a Project ZFP; (B) the location within the htt target gene to which a Project ZFP is designed to bind, (C) Htt gene expression data collected following transient transfection with a Project ZFP, (D) results of a bioinformatic genome-wide search for sites to which a Project ZFP binds or (E) microarray data for a Project ZFP; and

(ii) all data that constitute the (1) amino acid sequence or nucleic acid sequence of any Project ZFP that is not a Foundation Selected Project ZFP, or (2) a nucleic acid sequence that encodes any Project ZFP that is not a Foundation Selected Project ZFP (such data, "Foundation Non-Selected Project ZFP Sequence Results").

(k) Sangamo and CHDI shall each own an undivided one-half interest in and to all data, formulae, outcomes and other results produced in the course of the Research which are not Project Non-Sequence Design Phase Results, Foundation Non-Selected Project ZFP Sequence Results, Company Background Intellectual Property or Foundation Background Intellectual Property (such data, formulae, outcomes or other results, "Project Results"). Notwithstanding its joint ownership of the Project Results, CHDI only has the following rights with respect to the Project Results:

(i) To use Project Results for HD Research and Development;

(ii) To disclose Project Results related to Project Research Materials to Foundation ZFP Manufacturers, solely for them to make, store and/or distribute Project Research Materials in accordance with paragraphs (b) and (c) above, and to Preferred Foundation Collaborators solely for them to make and use Project Research Materials in accordance with paragraphs (11) and (c) above; and

(iii) To disclose Project Results related to Sigma Non-Distributed Project Research Materials to Foundation ZFP Manufacturers, solely for them to make, store and/or distribute Project Research Materials in accordance with paragraphs (b) and (c) above, and to Sigma Non-Distributed Project Research Material Distributees, solely to use Sigma Non-Distributed Project Research Materials in accordance with paragraphs (d) and (e) above.

(l) Notwithstanding the foregoing, CHDI does not have any right to disclose any Project Results relating to a particular Foundation Selected Project ZFP until at least 30 days have elapsed since CHDI notified Sangamo that it chose such Project ZFP as a Foundation Selected Project ZFP. CHDI shall not permit any Foundation ZFP Manufacturer, Preferred Foundation Collaborator or Sigma Non-Distributed Project Research Material Distributes to receive or use any Project Results until it enters into a written agreement with such Foundation ZFP Manufacturer, Preferred Foundation Collaborator or Sigma Non-Distributed Project Research Material Distributee that requires such entity to comply with the applicable use limitations set forth above and prohibits such entity from disclosing the Project Results except on a need-to-know basis and subject to confidentiality obligations that are similar to those set forth in Section I l of the CHDI-Sangamo Agreement, to its affiliates, directors, officers, employees, representatives, consultants, agents, service providers and advisors (including scientific advisors and legal counsel). Sangamo shall be a third party beneficiary to these agreements with respect to such limitations and prohibitions. CHDI shall provide Sangamo with a copy of each such agreement, shall take commercially reasonable efforts to cause such entity to comply with such limitations and prohibitions, and shall cooperate with Sangamo's exercise of its third party beneficiary rights.

(m) Sangamo and CHDI shall each own an undivided one-half interest in and to all discoveries, inventions, formulations, know-how, methods, technological developments, enhancements, modifications, improvement, works of authorship, computer software (including, but not limited to, source code and executable code) and documentation thereof, data or collection of data, whether patentable or not, or susceptible to copyright or any other form of legal protection (collectively, "Intellectual Property") conceived, discovered, invented, made or first reduced to

practice in the course of the performance of the Research, regardless of inventorship, that does not constitute Company Background Intellectual Property or Foundation Background Intellectual Property (such Intellectual Property, "Project Intellectual Property"). Except with respect to challenge-related activities required by law, each of Sangamo and CHDI would forfeit its ownership interest in particular Project Intellectual Property (and such Project Intellectual Property would become solely owned by the other party) if (x) such party challenges or assists others in challenging the validity of such Project Intellectual Property or (y) such party's licensee or sublicensee of such Project Intellectual Property challenges or assists others in challenging the validity of such Project Intellectual Property and such party does not terminate such license or sublicense within 30 days of becoming aware of such challenge or assistance. Notwithstanding CHDI' s joint ownership of the Project Intellectual Property, CHDI has granted to Sangamo a fully paid up, royalty-free, irrevocable, perpetual, worldwide exclusive license (with the right to sublicense) to use the Project Intellectual Property for any and all purposes and CHDI has only reserved the following rights with respect to the Project Intellectual Property:

(i) To use and practice Project Intellectual Property that (I) is reasonably necessary or useful to make, use or sell ZFPs or ZFP-related services for research purposes or (2) claims the composition of matter, manufacture or use of ZFPs or ZFP-related services useful for research purposes (the "ZFP Project Intellectual Property") solely to (A) use, have used, distribute and have distributed Project Results for HD Research and Development, (B) make, have made, use, have used, distribute, have distributed, import and have imported Project Research Materials for HD Research and Development and (C) distribute and have distributed Sigma Non-Distributed Project Research Materials for HD Research and Development, in each case in accordance with the terms and conditions set forth above;

(ii) To use and practice all Project Intellectual Property that is not ZFP Project Intellectual Property (the "Non-ZFP Project Intellectual Property") solely for HD Research and Development; and

(iii) To grant licenses (without the right to grant sublicenses) under Project Intellectual Property as follows:

(1) under ZFP Project Intellectual Property, to (A) Preferred Foundation Collaborators solely to make, have made, use, have used (solely by fee-for-service laboratories conducting HD Research and Development activities on behalf of the Preferred Foundation Collaborators which activities are funded by CHDI) Project Results and Project Research Materials for HD Research and Development activities funded by CHDI solely in accordance with paragraphs (b), (c), (k) and (1) above, (B) Foundation ZFP Manufacturers solely to make Project Research Materials and to distribute Project Research Materials to other Foundation ZFP Manufacturers and Preferred Foundation Collaborators solely in accordance with paragraphs (b) and (c) above, (C) Foundation ZFP Manufacturers solely to make Sigma Non-Distributed Project Research Materials and to distribute Sigma Non-Distributed Project Research Materials to other Foundation ZFP Manufacturers and Sigma Non-Distributed Project Research Material Distributees solely in accordance with paragraphs (d) and (e) above, and (D) Sigma Non-Distributed Project Research Material Distributees solely to use and have used (solely by fee-for-service laboratories conducting HD Research and Development on behalf of the Sigma Non-Distributed Project Research Material Distributees) Sigma Non-Distributed Project Research Material for HD Research and Development solely in accordance with paragraphs (d) and (e) above; and

(2) under Non-ZFP Project Intellectual Property, to any person or entity solely to use and have used (solely by fee-for-service laboratories conducting HD Research and Development activities on behalf of such person or entity) for HD Research and Development.

(n) Notwithstanding the foregoing, CHDI does not have any right to disclose any Project Intellectual Property, except on a need-to-know basis and subject to confidentiality obligations that are similar to those set forth in Section 11 of the CHDI-Sangamo Agreement, (i) to a person or entity to whom CHDI has the right, as described in paragraph (m) above to grant a license to such Project Intellectual Property or (ii) to CHDI's affiliates, directors, officers, employees, representatives, consultants, agents, service providers and advisors (including scientific advisors and legal counsel). CHDI shall not grant any license under any Project Intellectual Property to any person or entity until it enters into a written agreement with such person or entity that prohibits such person or entity from (1) using ZFP Project Intellectual Property or Non-ZFP Project Intellectual Property, as the case may be, for any purpose other than as expressly permitted by paragraph (m) above, (2) granting sublicenses to any third party (other than to fee-for-service laboratories providing services on their behalf to conduct such licensed activities) and (3) disclosing the Project Intellectual Property, except on a need-to-know basis and subject to confidentiality obligations that are similar to those set forth in Section 11 of the CHDI-Sangamo Agreement, to its affiliates, directors, officers, employees, representatives, consultants, agents, service providers and advisors (including scientific advisors and legal counsel). Sangamo shall be a third party beneficiary to these agreements with respect to such limitations and prohibitions. CHDI shall provide Sangamo with a copy of each such agreement, shall take commercially reasonable efforts to cause such entity to comply with such limitations and prohibitions, and shall cooperate with Sangamo's exercise of its third party beneficiary rights.

(o) CHDI does not have any right to prepare, file, prosecute or maintain any patent application or patent disclosing or claiming any Project Intellectual Property, which patent applications and patents shall be filed by Sangamo, at its discretion and expense, in the names of Sangamo and CHDI as co-owners. Sangamo is required to provide CHDI, prior to filing, with a copy of all documents proposed to be filed with respect to such patent applications or patents, and CHDI is required to provide, at Sangamo's request and expense, reasonable assistance to Sangamo with respect to Sangamo's preparation, filing, prosecution and maintenance of such patent applications and patents. Sangamo and CHDI are each required to provide the other with written notice of any alleged or threatened infringement or misappropriation of any Project Intellectual Property of which it is aware (such notice, the "Infringement Notice"). CHDI does not have any right to enforce any Project Intellectual Property against infringers or misappropriators but if CHDI notifies Sangamo within 30 days after the Infringement Notice that the alleged, threatened or actual infringer or misappropriator is a person or entity that CHDI has licensed to practice such Project Intellectual Property, then Sangamo is obligated to notify CHDI before initiating any dispute resolution proceedings (other than a temporary restraining order) against such person or entity, and to discuss in good faith with CHDI the merits of any such claim and alternative strategies for dispute resolution. Sangamo is obligated to notify CHDI within 30 days after the Infringement Notice if Sigma is entitled, pursuant to the Sigma-Sangamo Agreement, to exercise some or all of the foregoing rights and obligations of Sangamo in respect of any particular alleged or threatened infringement or misappropriation claim. Sangamo is not permitted to settle a claim brought against a third party in respect of such infringement or misappropriation in a manner that would reasonably be expected to have a material adverse effect on CHDI's rights with respect to the Project Intellectual Property without the consent of CHDI, which consent shall not be unreasonably withheld or delayed.

(p) Except to the extent exclusively licensed to Sigma pursuant to the Sigma-Sangamo Agreement and not included in the rights retained by Sangamo pursuant to the Sigma-Sangamo Agreement, Sangamo has the right: (i) to make, have made, store, have stored, distribute and have distributed then all Project Research Materials and all Sigma Non-Distributed Project Research Materials for any and all purposes; (ii) to use the Project Results for any and all purposes; (iii) to use and practice Project Intellectual Property for any and all purposes; (iv) to collaborate with its Affiliates and Third Parties with respect any or all of the activities described in (i), (ii) or (iii); and (v) to license or otherwise permit its Affiliates and Third Parties to perform any or all of the activities described in (i), (ii) or (iii).

(q) Sangamo has a fully paid, non-exclusive, worldwide license from CHDI, under Intellectual Property that is (i) owned by, or licensed to, CHDI at the time of signing, (ii) is acquired by, or licensed to, CHDI after signing but within three years after the end of the term of the CHDI-Sangamo Agreement and not as a result of a merger or acquisition, or (iii) is conceived, discovered, invented or made by, or on behalf of, CHDI during the term of the CHDI-Sangamo Agreement outside CHDI's performance of the Research (such Intellectual Property, "Foundation Background Intellectual Property"), solely to the extent necessary to (1) conduct the Research, (2) use, have used, distribute and have distributed the Project Results for research and development purposes, including preclinical and clinical development and sale solely for research purposes ("Research and Development"), (3) make, have made, use, have used, distribute, have distributed, import and have imported Project ZFPs for Research and Development, and (4) grant Sigma a sublicense to make, have made, use, have used, distribute, have distributed, import, have imported, offer to sell, sell and have sold Project Research Materials in accordance with the Sigma-Sangamo Agreement. Such license is irrevocable and perpetual except with respect to Foundation Background Intellectual Property licensed from a third party, which is subject to termination. Such license is also, with respect to such Foundation Background Intellectual Property, limited by the terms of the relevant third party license .agreement, which may be limited to Research and Development directed to Huntington's disease. Sangamo may grant non-sublicenseable sublicenses of the licenses described in (2) and (3) above to its affiliates and to third parties that are parties to research or development collaboration agreements with Sangamo relating to the Project ZFP(s) or Project Results. Sangamo's sublicense to Sigma must expressly prohibit Sigma from granting further sublicenses to third parties without the prior written permission of CHDI, which permission CHDI shall not withhold or unreasonably delay (except to the extent that CHDI does not have the right to permit further sublicensing) if Sigma is also granting such third party a sublicense, under Sigma's license from Sangamo pursuant to the Sigma-Sangamo Agreement, which sublicense shall include the right to make, have made, use, have used, distribute, have distributed, import, have imported, offer to sell, sell and have sold Project Research Materials. Upon granting the sublicense described in (4) to Sigma, Sangamo shall promptly notify CHDI and provide CHDI with a copy of such sublicense agreement, which copy may be redacted to remove financial or other information that is not relevant to such sublicense or Sangamo's obligations with respect to its licenses to the Foundation Background Intellectual Property.

(r) CHDI has a fully paid, non-exclusive, worldwide license from Sangamo, under Intellectual Property controlled by Sangamo that is (i) owned by Sangamo at the time of signing, (ii) licensed to Sangamo at the time of signing pursuant to the Patent License Agreement by and between Massachusetts Institute of Technology and Sangamo dated May 9, 1996 (but specifically excluding all Intellectual Property rights licensed to the Company pursuant to the Fifth Amendment of such agreement, which amendment is dated December 15, 2000) or the License Agreement by and between the Scripps Research Institute and Sangamo dated March 14, 2000 (the "Scripps

Agreement"), (iii) is acquired by Sangamo after signing but within three years after the end of the term of the CHDI-Sangamo Agreement and not as a result of a merger or acquisition, or (iv) is conceived, discovered, invented or made by, or on behalf of, Sangamo during the term of the CHDI-Sangamo Agreement outside Sangamo's performance of the Research (such Intellectual Property, "Company Background Intellectual Property"), solely to the extent necessary to (1) use, have used, distribute and have distributed the Project Results in accordance with paragraphs (k) and (I) above, (2) make, have made, use, have used, distribute, have distributed, import and have imported Project Research Materials for HD Research and Development in accordance with paragraphs (b) and (c) above, and (3) distribute and have distributed Sigma Non-Distributed Project Research Materials for I ID Research and Development in accordance with paragraphs (d) and (e) above. Such license is irrevocable and perpetual, except with respect to Company Background Intellectual Property licensed from a third party, which is subject to termination. Such license is also, with respect to such Company Background Intellectual Property, limited by the terms of the relevant third party license agreement which terms are specified in exhibits to the CHDI-Sangamo Agreement. Except with respect to Company Background Intellectual Property licensed to Sangamo pursuant to the Scripps Agreement ("Scripps IP"), CHDI may grant non-sublicenseable sublicenses of the licenses described above to (A) Preferred Foundation Collaborators solely to make, have made, use, have used (solely by fee-for-service laboratories conducting CHDI-funded HD Research and Development on behalf of the Preferred Foundation Collaborators) Project Results and Project Research Materials for HD Research and Development activities funded by the Foundation, (B) Foundation ZFP Manufacturers solely to make and distribute Project Research Materials and Sigma Non-Distributed Project Research Materials to other Foundation ZFP Manufacturers, Preferred Foundation Collaborators and Sigma Non-Distributed Project Research Material Distributees, (C) Sigma Non-Distributed Project Research Material Distributees solely to use and have used (solely by fee-for-service laboratories conducting HD Research and Development on behalf of the Sigma Non-Distributed Project Research Material Distributees) Sigma Non-Distributed Project Research Material for HD Research and Development, and (D) affiliates of CHDI. Each such sublicense granted by CHDI to a third party sublicensee must comply with the scope limitations set forth above and must expressly prohibit such sublicensee from granting further sublicenses. Upon granting any such sublicense, CHDI shall promptly notify Sangamo and provide Sangamo with a copy of such sublicense agreement, which copy may be redacted to remove financial or other information that is not relevant to such sublicense or CHDI's obligations with respect to its licenses to the Foundation Background Intellectual Property, except to the extent that such sublicense includes Company Background Intellectual Property licensed from a third party and the relevant third party license agreement does not penult such redaction. Since Sangamo cannot grant CHDI the right to grant sublicenses under the Scripps IP, Sangamo is obligated, upon CHDI's request, to grant a direct non-exclusive sublicense of Scripps IP to a party described in (A)-(D) above if CHDI is granting a sublicense to such party under other Company Background Intellectual Property. The CHDI-Sangamo Agreement includes a mechanism for expanding the license described in this paragraph (r) to include Intellectual Property licensed to Sangamo after signing but within three years after the end of the term of the CHDI-Sangamo Agreement.

(s) The Project Intellectual Property and Project Results are the confidential information of both CHDI and Sangamo, and neither Sangamo nor CHDI may use them for any purpose or disclose them to any person or entity except as follows:

(i) Sangamo may use such confidential information for any purpose and may disclose such confidential information, on a need-to-know basis and subject to confidentiality

obligations that are similar to those set forth in Section 11 of the CHDI-Sangamo Agreement, to any person or entity.

(ii) CHDI may use Project Intellectual Property as described in subsections (i) and (ii) of paragraph (m) above and Project Results as described in subsection (i) of paragraph (k) above. CHDI may disclose Project Intellectual Property as described in paragraph (n) above and Project Results as described in subsections (i) and (ii) of paragraph (k) above and paragraph (1) above.

(t) The terms and conditions of the CHDI-Sangamo Agreement are the confidential information of both CHDI and Sangamo, and neither Sangamo nor CHDI may use them for any purpose or disclose them to any person or entity except as follows:

(i) Sangamo may use such confidential information for any purpose and may disclose such confidential information, on a need-to-know basis and subject to confidentiality obligations that are similar to those set forth in Section 11 of the CHDI-Sangamo Agreement, to (1) its affiliates, directors, officers, employees, representatives, consultants, agents, service providers and advisors (including scientific advisors and legal counsel), (2) its third party licensors (to the extent that such disclosure is required by the relevant license agreement), (3) Sigma, (4) its potential and actual acquirors, and (5) its third party collaborators, provided that (except for disclosures made to potential and actual acquirors of Sangamo and disclosures made to third party licensors where the terms of the relevant license agreement do not permit such redaction) Sangamo redacts the amount of the FTE rate paid by CHDI to Sangamo.

(ii) CHDI may disclose such confidential information, on a need-to-know basis and subject to confidentiality obligations that are similar to those set forth in Section 11 of the CHDI-Sangamo Agreement, to its affiliates, directors, officers, employees, representatives, consultants, agents, service providers and advisors (including scientific advisors and legal counsel).

(u) Sangamo is obligated to indemnify CHDI and its affiliates and their respective members, directors, officers, employees, representatives, consultants, agents and service providers (the “Foundation Indemnified Parties”) with respect to third party claims arising from Sigma’s use of the Project Research Materials, Project Results, Project Intellectual Property or Foundation Background Intellectual Property.

4. Sangamo and Sigma further agree as follows:

(a) For the avoidance of doubt, each Foundation Selected Project ZFP and the Project Research Materials that encode it shall be deemed to be a “Licensed Product” under the Sigma-Sangamo Agreement.

(b) For the avoidance of doubt, any ZFP Project Intellectual Property that is a patent or patent application that claims the composition of matter, manufacture or use of ZFP Products useful in the Field shall be deemed to be a “Sangamo Patent” pursuant to the Sigma-Sangamo Agreement, and all other ZFP Project Intellectual Property shall be deemed to be “Sangamo Know-Flow” pursuant to the Sigma-Sangamo Agreement.

(c) For the avoidance of doubt, contents of this letter, the terms and conditions of the CHDI-Sangamo Agreement, the copy of the CHDI-Sangamo Agreement provided by Sangamo to

Sigma, and all other Information disclosed by Sangamo to Sigma with respect to the CHDI-Sangamo Agreement (including Project Results and Project Intellectual Property) shall be deemed to be the "Confidential Information of Sangamo" pursuant to the Sigma-Sangamo Agreement, and Sigma shall comply with the nondisclosure and nonuse obligations set forth in the Sigma-Sangamo Agreement with respect thereto.

(d) Sigma shall indemnify, defend and hold the Sangamo Indemnitees harmless pursuant to Section 12.2(a) of the Sigma-Sangamo Agreement with respect to Damages arising from Sangamo's obligation to indemnify the Foundation Indemnified Parties as described in Section 3(u) above.

(e) Sigma shall be bound by and comply with the limitations and obligations set forth in Sections 3(d), (g), (h) and (i) of this letter.

(f) Sangamo will promptly provide to Sigma a copy of all notices received by Sangamo from CHDI pursuant to the CHDI-Sangamo Agreement that pertain to Sigma or are relevant to the Sigma-Sangamo Agreement.

(g) Sangamo shall not amend any provisions of the CHDI-Sangamo Agreement that relate to or impact Sigma without the consent of Sigma, which consent shall not be unreasonably withheld or delayed.

5. Notwithstanding the exclusive nature of those exclusive licenses granted by Sangamo to Sigma in the Sigma-Sangamo Agreement or any other terms of the Sigma-Sangamo Agreement, Sigma agrees and consents to: (a) Sangamo's performance of the Research, (b) the licenses granted by Sangamo to CHDI pursuant to the CHDI-Sangamo Agreement, and (c) the rights of CHDI, Foundation ZFP Manufacturers, Preferred Foundation Collaborators, Sigma Non-Distributed Project Research Material Distributees, Sangamo, and Sangamo's collaborators and licensees with respect to Project Research Materials, Sigma Non-Distributed Project Research Materials, Project Results and Project Intellectual Property, in each case as are specified in the CHDI-Sangamo Agreement and summarized in this letter. Sigma further confirms that, as a result of such agreement and consent by Sigma, such performance, license and rights do not violate the terms of the Sigma-Sangamo Agreement.

6. The Sigma-Sangamo Agreement is hereby amended to the extent necessary to implement the CHDI-Sangamo Agreement as summarized in this letter.

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

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

Sincerely,

/s/ Edward O. Lanphier

Edward O. Lanphier
President and Chief Executive Officer

Acknowledged and Agreed:

Sigma-Aldrich Co.

By: /s/ David A. Smoller, Ph.D.
David A. Smoller, Ph.D.
Chief Scientific Officer

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

Dow AgroSciences LLC
9330 Zionsville Road
Indianapolis, IN 46268-1054

May 19, 2011

Edward Lanphier
President and Chief Executive Officer
Sangamo BioSciences, Inc.
501 Canal Blvd, Suite A100
Richmond, CA 94804

Re: RESEARCH AND COMMERCIAL LICENSE OPTION AGREEMENT MANUFACTURE AND SUPPLY OF ZFP PRODUCTS FOR 2012, 2013 AND 2014 [***]

Dear Edward:

This letter confirms the structured pricing platform for supply of ZFP Products by Sangamo BioSciences, Inc. ("Sangamo") to Dow AgroSciences LLC ("DAS") in 2012, and provides an option to DAS for supply of ZFP Products by Sangamo in 2013 and 2014. This letter amends that certain Research and Commercial License Option Agreement between DAS and Sangamo, dated as of October 1, 2005, as amended (the "Agreement"). Any capitalized terms used in this letter but not defined herein shall have the same meaning given to such term in the Agreement.

For supply of ZFP Products in 2012 DAS will pay Sangamo $[***] per year, in four equal installments of $[***] due on January 1, April 1, July 1 and September 1, 2012. Sangamo will send invoices and DAS will pay within thirty (30) days of receiving each invoice. These payments are guaranteed and non-refundable, and entitle DAS (or Sublicensees authorized by DAS) to order or receive from Sangamo ZFP Products for [***] targets in 2012, subject to the limitation that Sangamo will not be required to supply DAS with ZFP Products for more than [***] targets in any calendar quarter, nor more than [***] targets in any month. Subject to the same limitations, Sangamo will supply ZFP Products for up to [***] additional targets for $[***] per target. After reasonable commercial effort in designing ZFs or ZFNs, Sangamo may declare a target as "unworkable." Sangamo will notify DAS in a timely manner, [***], and the unworkable target is not included in the number of targets DAS or its Sublicensees may order from Sangamo.

Sangamo will send invoices and DAS will pay within thirty (30) days of receiving each invoice. After the initial [***] targets have been ordered, the cost of each additional target will be added to the next quarterly invoice sent after the ZFP Product for that target has been delivered.

For supply of ZFP Products in 2013 and 2014, DAS is hereby granted an option for each of these two (2) years, which if exercised by DAS, entitles DAS (or Sublicensees authorized by DAS) to order or receive from Sangamo ZFP Products. Except for cost, the supply of ZFP Products by Sangamo shall be subject to the same obligations and limitations as set forth in this letter. For the year in which the option is exercised, the cost shall be agreed upon by the Parties by June 30 of the preceding year (e.g., the cost for 2013 supplied ZFP Products shall be agreed upon by June 30, 2012).

Please confirm Sangamo's agreement by signing below and returning a signed copy of this letter.

Thank you.

Sincerely,

/s/ Antonio Galindez

Antonio Galindez

Agreed:
Sangamo BioSciences, Inc.

By:	/s/ Edward Lanphier
Name:	Edward Lanphier
Title:	President & CEO
Date:	6/6/11

Exhibit 10.3

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

Amended and Restated Employment Agreement ("Agreement") made effective as of the 21st day of June, 2011, by and between Sangamo BioSciences, Inc., a Delaware corporation (the "Company"), and Edward O. Lanphier II (the "Employee").

R E C I T A L S

A. **WHEREAS**, the Company and the Employee previously entered into an Employment Agreement, dated June 1, 1997, as amended on December 31, 2008 (the "Original Agreement").

B. **WHEREAS**, the Employee and the Board of Directors of the Company desire to amend and restate the terms and conditions of the Original Agreement and to continue the Employee's employment with the Company upon the amended and restated terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree that the Original Agreement is amended and restated as follows:

1. **Definitions**. The terms defined in this section shall have the meanings set forth below for purposes of this Agreement.

a. "Board of Directors" shall mean the board of directors of the Company.

b. "Cause" shall mean misconduct, including but not limited to the following:

(1) embezzlement, theft, misuse of confidential information or any other illegal or improper act by the Employee against the Company;

(2) conduct that constitutes a material breach of Company policy, after thirty (30) days' notice and failure to cure;

(3) unauthorized conduct that causes, or could potentially cause, harm to the health or safety of other employees; and/or

(4) any other unauthorized conduct that causes, or could potentially cause, material harm to the business or reputation of the Company, after thirty (30) days' notice and failure to cure.

c. "Change of Control" solely for purposes of this Agreement shall mean any transaction or series of related transactions in which (i) substantially all of the assets of the Company are sold; or (ii) any merger, reorganization or acquisition in which the stockholders of the Company immediately prior to such transaction beneficially own

securities representing less than fifty-one percent (51%) of the total combined voting power of the outstanding voting securities of the successor corporation (or any parent thereof) immediately after such transaction.

d. "Code" shall mean the Internal Revenue Code of 1986, as amended.

e. "Good Reason" means the Employee's resignation following any one of the following:

(i) a material reduction in the Employee's duties, responsibilities or authority with the Company without the Employee's prior written consent;

(ii) a material reduction in the Employee's base salary without the Employee's prior written consent (except pursuant to Company mandated pay cuts or pay reductions which are uniformly applied to the Company's management);

(iii) a material change in the Employee's place of employment without the Employee's prior written consent, with a requirement that the Employee be based at a location which is both more than forty (40) miles from the Company's headquarters in Richmond, California and increases the distance between the Employee's residence and the new location by more than forty (40) miles to be material for such purpose; or

(iv) the failure of the successor corporation (or parent thereof) in a Change in Control transaction to assume all of the obligations of the Company under this Agreement;

provided, however, the Employee will only be deemed to have resigned for Good Reason if (A) the Employee provides written notice to the Company of the existence of the Good Reason event under subparagraph (i), (ii), (iii) or (iv) within ninety (90) days after its initial occurrence, (B) the Company is provided with thirty (30) days in which to cure such Good Reason event, and (C) the Employee's termination of employment is effected within one hundred eighty (180) days following the occurrence of the non-cured subparagraph (i) – (iv) event.

f. "Separation from Service" shall mean the Employee's cessation of Employee Status and shall be deemed to occur at such time as the level of the bona fide services the Employee is to perform in Employee Status (or as a consultant or other independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services the Employee rendered in Employee Status during the immediately preceding thirty-six (36) months (or such shorter period for which the Employee may have rendered such service). Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Code Section 409A. For purposes of determining whether the Employee has incurred a Separation from Service, the Employee will be deemed to continue in "Employee Status" for so long as he remains in the employ of one

or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. "Employer Group" means the Company and any other corporation or business controlled by, controlling or under common control with, the Company as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(a)(1), (2) and (3) for purposes of determining the controlled group of corporations under Section 414(b), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. In addition to the foregoing, a Separation from Service will not be deemed to have occurred while the Employee is on a sick leave or other bona fide leave of absence if the period of such leave does not exceed six (6) months or any longer period for which the Employee is provided with a right to reemployment with one or more members of the Employer Group by either statute or contract; ***provided, however,*** that in the event the Employee's leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and that causes him to be unable to perform his duties as an employee, no Separation from Service shall be deemed to occur during the first twenty-nine (29) months of such leave. If the period of leave exceeds six (6) months (or twenty-nine (29) months in the event of disability as indicated above) and the Employee is not provided with a right to reemployment either by statute or contract, then the Employee will be deemed to have a Separation from Service on the first day immediately following the expiration of such six (6)-month or twenty-nine (29)-month period.

2. **Duties and Obligations**.

a. The Employee shall serve as the Company's President and Chief Executive Officer. The Employee's duties shall include overseeing all corporate functions and directing the organization to ensure the attainment of the goals and objectives set forth from time to time by the Board of Directors.

b. The Employee agrees to abide by the terms and conditions of the Company's standard Proprietary Information and Inventions Agreement between the Employee and the Company. The Employee further agrees that at all times both during his employment by the Company and after his Separation from Service, he will keep in confidence and trust, and will not use or disclose, except as directed by the Company, any confidential or proprietary information of the Company.

c. The Employee represents that he has not entered into, and agrees not to enter into, any agreement in conflict with the terms of this Agreement or his employment with the Company.

3. **Devotion of Time to the Company's Business**.

a. The Employee shall devote substantially all of his business time, attention, knowledge, skills and interests to the business of the Company and the Company shall be entitled to all of the benefits and profits arising from or incident to such work, services and advice of the Employee. The foregoing, however, shall not preclude the Employee from serving on any corporate, civic or charitable boards or committees on which he is serving as of the date of this Agreement or on which he commences service following such date with the Board of Directors' prior written approval, so long as such activities do not interfere with the performance of the Employee's responsibilities hereunder.

b. During the term of this Agreement, the Employee shall not, whether directly or indirectly, render any services of a commercial or professional nature to any other person or organization, whether for compensation or otherwise, without the prior consent of the Board of Directors.

c. During the term of this Agreement, the Employee shall not, directly or indirectly, engage or participate in any business that is in competition with the business of the Company.

4. **Compensation and Benefits**.

a. **Base Compensation**. Effective January 1, 2011 the Company shall pay to the Employee an annual salary of five hundred fifty-seven thousand five hundred dollars ($557,500), less all applicable withholdings, prorated for any partial employment period and payable in equal monthly installments in accordance with the Company's payroll schedule. The Compensation Committee of the Board shall annually review the then-current level of the Employee's salary to determine the amount, if any, of salary change.

b. **Bonus**. The Employee will be eligible to receive a cash bonus in addition to the Employee's current base salary. The Compensation Committee of the Board shall annually review the contributions of the Employee to the Company and determine the appropriate bonus, with the bonus target being 50% of the Employee's base salary. The actual bonus may be more or less than the target amount based upon the Employee's achievements over the year. Any bonus to which the Employee becomes entitled for a particular calendar year shall be paid in accordance with the terms of the applicable bonus plan, but in no event shall any such bonus be paid earlier than January 1 or later than March 31 of the calendar year following the calendar year for which that annual bonus is earned.

c. **Benefits**. At the time of this Agreement or for such time as otherwise provided in this Agreement, the Employee shall be entitled to participate in such fringe benefits that are available to employees of the Company at that time, including: family health insurance, dental insurance, group term life insurance, short-term disability insurance, long-term disability insurance, vacation pay, sick pay, 401(k) and other benefits that may be added to the Company's benefit program from time to time.

5. **Termination of Employment**.

a. **General Rule**. Except as otherwise provided in this Agreement, should the employment of the Employee be terminated without Cause or should the Employee resign for Good Reason, the Employee shall be entitled to the Severance Benefits set forth in Section 6, subject to the terms and conditions set forth in Section 6.

b. **Death or Disability**. If the Employee dies after he has ceased to be an employee but prior to receiving full payment of his Severance Benefits, if any, any portion of the Severance Benefits that remains to be paid shall be paid to the surviving spouse of the Employee, or, if there is no surviving spouse, to the Employee's estate in accordance with the payment provisions of Section 6.

6. **Severance Benefits and Conditions**.

a. **Severance**. The Company may terminate the Employee's employment under this Agreement at any time, for any reason, with or without Cause by giving written notice of its intent to terminate such employment. However, in the event the Employee is terminated by the Company without Cause or in the event the Employee resigns for Good Reason, the Employee shall receive the following payments and benefits (the "Severance Benefits"):

(i) A lump sum cash payment in an amount equal to the sum of (i) two (2) times the Employee's annual rate of base salary in effect at the time of the Employee's termination, (ii) the Employee's target bonus for the year of termination and (iii) a prorated portion of the Employee's target bonus for the year of termination based upon the time elapsed between December 31 of the preceding year and the Employee's termination date. Such lump sum cash payment shall be made on the first regular pay day within the sixty (60)-day period following the date of the Employee's Separation from Service due to such termination or resignation on which the required General Release under Section 6(b) is effective and enforceable following any applicable revocation period in effect for that release. However, should such sixty (60)-day period span two taxable years, then such payment shall be made during the portion of that sixty (60)-day period that occurs in the second taxable year.

(ii) Provided the Employee and his eligible dependents elect to continue medical and dental care coverage under the Company's group health care plans pursuant to their COBRA rights following his Termination without Cause or his resignation for Good Reason, the Company shall reimburse the Employee for the costs the Employee incurs to obtain such continued coverage (collectively, the "Coverage Costs") for a twelve (12)-month period measured from the first day of the month following such termination date. During the COBRA continuation period, such coverage shall be obtained under the Company's group health care plans. Following the completion of the COBRA continuation period, such coverage shall continue under the Company's group health plans or one or more other plans providing

equivalent coverage. In order to obtain reimbursement for the Coverage Costs under the applicable plan or plans, the Employee must submit appropriate evidence to the Company of each periodic payment within sixty (60) days after the required payment date for those Coverage Costs, and the Company shall within thirty (30) days after such submission reimburse the Employee for that payment. To the extent the Employee incurs any other medical or dental care expenses reimbursable pursuant to the coverage obtained hereunder, the Employee shall submit appropriate evidence of each such expense to the applicable plan administrator within sixty (60) days after incurrence of that expense and shall receive reimbursement of the documented expense within thirty (30) days after such submission or after any additional period that may be required to perfect the claim. During the period such medical and dental care coverage remains in effect hereunder, the following provisions shall govern the arrangement: (a) the amount of Coverage Costs or other medical or dental care expenses eligible for reimbursement in any one calendar year of such coverage shall not affect the amount of Coverage Costs or other medical or dental care expenses eligible for reimbursement in any other calendar year for which such reimbursement is to be provided hereunder; (ii) no Coverage Costs or other medical or dental care expenses shall be reimbursed after the close of the calendar year following the calendar year in which those Coverage Costs or expenses were incurred; and (iii) the Employee's right to the reimbursement of such Coverage Costs or other medical or dental care expenses cannot be liquidated or exchanged for any other benefit. To the extent the reimbursed Coverage Costs are treated as taxable income to the Employee, the Company shall report the reimbursement as taxable W-2 wages and collect the applicable withholding taxes, and the resulting tax liability shall be the Employee's sole responsibility. Notwithstanding the foregoing, to the maximum extent permitted by law, the number of months of continued benefit coverage provided to the Employee under this Section 6(a)(ii) shall reduce the number of months of continued coverage that must be made available to the Employee (and his dependents) under COBRA.

(iii) The Company shall provide the Employee with the following information technology services for the applicable period described below following the date of the Employee's Separation from Service: (a) up to twenty (20) hours of information technology consulting services from the Company's information technology department during the first calendar month following the month in which the Employee's Separation from Service occurs in order to establish the Employee's home office and up to five (5) hours per month of such information technology services to maintain such home office for each of the twenty-three (23) calendar months thereafter, and (b) email forwarding services pursuant to which the Company shall make reasonable efforts to forward personal email delivered to the Employee's Company email address to an email address designated by the Employee at the time of his Separation from Service for a period of twelve (12) months following the date of the Employee's Separation from Service (the "IT Services"). During the applicable twelve (12) or twenty-four (24) month period, the following provisions shall govern the IT Services arrangement: (a) the amount of IT Services provided to the Employee in any one calendar year shall not affect the amount of IT Services to be provided to the Employee in any other calendar year for which such services are to be provided hereunder; and (b) the Employee's right to the IT Services cannot be liquidated or exchanged for any other benefit. To the extent the value of the IT Services is treated as taxable income to the Employee, the Company shall report the value of the IT services as taxable W-2 wages and collect the applicable withholding taxes, and the resulting tax liability shall be the Employee's sole responsibility.

(iv) The Employee shall, for purposes of vesting in any unvested portion of each of the Employee's stock options outstanding at the time of the Employee's termination without Cause or resignation for Good Reason, receive an additional twenty-four (24) months of service-vesting credit. In addition, each of the Employee's stock options to the extent vested and outstanding at the time of the Employee's termination without Cause or resignation for Good Reason, will remain exercisable for a thirty-six (36)-month period measured from the date of that termination event, but in no event beyond the expiration of the maximum ten (10)-year option term.

b. **Release of Claims**. Notwithstanding anything to the contrary in this Agreement, in order to receive any severance payments or benefits under this Section 6, the Employee must first execute and deliver to the Company, within twenty-one (21) days (or forty-five (45) days if such longer period is required under applicable law) after the effective date of his termination, a general settlement and release agreement in substantially the form attached hereto as Exhibit A (the "General Release") and such General Release must become effective and enforceable in accordance with its terms following the expiration of any applicable revocation period under federal or state law. If such General Release is not executed and delivered to the Company within the applicable twenty-one (21) (or forty-five (45))-day period hereunder or does not otherwise become effective and enforceable in accordance with its terms, then no severance payments or benefits will provided to the Employee under this Section 6.

c. **Reductions**. The Severance Benefits paid to the Employee shall be reduced by any amount that the Employee owes to the Company on the date he ceases to be an employee, if such reduction is legally permissible and only to the extent such reduction would not otherwise result in a violation of Treasury Regulation 1.409A-3(j)(4)(xiii). Except for any payments for earned but unpaid salary, accrued but unused vacation, 401(k) Plan distributions, continued health and dental benefit coverage under COBRA, and the above mentioned Severance Benefits, if applicable, neither party will be obligated to pay the other any payment as a result of, or in connection with, the termination of the Employee's employment with the Company (including but not limited to any salary or benefits following the date of termination).

d. **Consulting**. In the event the Employee is terminated by the Company without Cause or in the event the Employee resigns for Good Reason, then during the six (6)-month period beginning immediately after the Employee's termination date, the Employee shall make himself available to provide such consulting and advisory services as may be requested by the Company from time to time upon reasonable advance notice. However, in no event will the Employee be required to provide during such period more than five (5) hours of consulting services per week.

7. Change in Control. In the event of a Change in Control, each of the Employee's outstanding stock options shall become fully vested and exercisable as of the effective date of the Change in Control. In addition, in the event the Employee's employment is terminated upon or following a

Change in Control, each of the Employee's stock options outstanding at the time of the Employee's termination will remain exercisable for a thirty-six (36)-month period measured from the date of that termination event, but in no event beyond the expiration of the maximum ten (10)-year option term.

8. **Section 409A**.

a. The Severance Benefits and other benefits under this Agreement are intended, where possible, to comply with the "short term deferral exception" and the "involuntary separation pay exception" to Code Section 409A. Accordingly, the provisions of this Agreement applicable to the Severance Benefits described in Section 6 and the determination of The Employee's Separation from Service due to termination of the Employee's employment without Cause or The Employee's resignation for Good Reason shall be applied, construed and administered so that those payments and benefits qualify for one or both of those exceptions, to the maximum extent allowable. However, to the extent any payment or benefit to which the Employee becomes entitled under this Agreement is deemed to constitute an item of deferred compensation subject to the requirements of Code Section 409A, the provisions of this Agreement applicable to that payment or benefit shall be applied, construed and administered so that such payment or benefit is made or provided in compliance with the applicable requirements of Code Section 409A. In addition, should there arise any ambiguity as to whether any other provisions of this Agreement would contravene one or more applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder, such provisions shall be interpreted, administered and applied in a manner that complies with the applicable requirements of Code Section 409A and the Treasury Regulations thereunder.

b. Notwithstanding any provision in this Agreement the contrary, no payment or distribution under this Agreement which constitutes an item of deferred compensation under Section 409A of the Code and becomes payable by reason of the Employee's termination of employment with the Company will be made to the Employee until the Employee incurs a Separation from Service in connection with such termination of employment. For purposes of this Agreement, each amount to be paid or benefit to be provided to the Employee shall be treated as a separate identified payment or benefit for purposes of Section 409A of the Code. In addition, no payment or benefit which constitutes an item of deferred compensation under Section 409A of the Code and becomes payable by reason of the Employee's Separation from Service will be made to the Employee prior to the ***earlier*** of (i) the first day of the seven (7)-month period measured from the date of such Separation from Service or (ii) the date of the Employee's death, if the Employee is deemed at the time of such Separation from Service to be a specified employee (as determined pursuant to Code Section 409A and the Treasury Regulations thereunder) and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable deferral period, all payments and benefits deferred pursuant to this Section 8.b. (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or provided to the Employee in a lump sum on the first day of the seventh (7th) month after the date of the Employee's Separation from Service or, if earlier, the first day of the month immediately following the date the Company receives proof of the Employee's death. Any remaining payments or benefits due under this Agreement will be paid in accordance with the normal payment dates specified herein.

9. **Benefit Limit**. In the event any payment to which the Employee becomes entitled under this Agreement would otherwise constitute a parachute payment under Code Section 280G, then that payment shall be subject to reduction to the extent necessary to assure that such payment will be limited to the greater of (i) the dollar amount which can be paid to the Employee without triggering a parachute payment under Code Section 280G or (ii) the dollar amount of that payment which provides the Employee with the greatest after-tax amount after taking into account any excise tax the Employee may incur under Code Section 4999 with respect to such payment and any other benefits or payments to which the Employee may be entitled in connection with any change in control or ownership of the Company or the subsequent termination of the Employee's service.

10. **Miscellaneous**.

a. **Governing Law**. This Agreement shall be interpreted, construed, governed and enforced according to the laws of the State of California.

b. **Attorneys' Fees**. In the event of any controversy, claim or dispute between the parties, arising out of or relating to this Agreement or the breach hereof, or the interpretation hereof, each party shall bear its own legal fees and expenses. Notwithstanding the foregoing, in the event of a finding by any court having jurisdiction over such matter that any party initiating an action under this Agreement failed to have a reasonable prospect of prevailing on its claim, the court shall have discretion to award the prevailing party attorneys' fees and costs incurred by it with respect to such claim or action. The "prevailing party" means the party determined by the court to have most nearly prevailed, even if such party did not prevail in all matters, not necessarily the one in whose favor a judgment is rendered.

c. **Amendments**. No amendment or modification of the terms or conditions of this Agreement shall be valid unless in writing and signed by the parties hereto.

d. **Severability**. All agreements and covenants contained herein are severable, and in the event any of the above shall be held to be invalid or unenforceable, this Agreement shall be interpreted as if such invalid agreements or covenants were not contained herein.

e. **Successors and Assigns**. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. The Employee shall not be entitled to assign any of his rights or obligations under this Agreement.

f. **Entire Agreement**. This Agreement, along with any other Agreements set forth herein, including without limitation, the Proprietary Information and Inventions Agreement, constitutes the entire agreement between the parties with respect to the employment of the Employee.

SANGAMO BIOSCIENCES, INC.

By: /s/ H. Ward Wolff

/s/ Edward O. Lanphier II

Edward O. Lanphier II

EXHIBIT A

GENERAL SETTLEMENT AND RELEASE AGREEMENT

PURSUANT TO SECTION 6(B) OF THE AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN SANGAMO BIOSCIENCES, INC. AND EDWARD O. LANPHIER II, EXECUTION OF A GENERAL SETTLEMENT AND RELEASE AGREEMENT, IN SUBSTANTIALLY THE SAME FORM AS THIS EXHIBIT A IS A CONDITION TO MR. LANPHIER'S RECEIPT OF CERTAIN PAYMENTS AND BENEFITS PURSUANT TO SECTION 6 OF SUCH AGREEMENT. THIS DOCUMENT IS INTENDED AS A FORM OF THE GENERAL SETTLEMENT AND RELEASE AGREEMENT AND MUST BE FINALIZED BY SANGAMO BIOSCIENCES, INC. PRIOR TO EXECUTION.

GENERAL SETTLEMENT AND RELEASE AGREEMENT

This General Settlement and Release Agreement (the "Agreement") is by and between Sangamo BioSciences, Inc., for itself and for all of its affiliated, related, parent and direct and indirect subsidiary companies, joint venturers and partnerships, successors and permitted assigns and each of them (collectively, the "Company"), on the one hand, and Edward O. Lanphier II, for himself, and his agents, representatives, heirs and assigns (the "Employee"), on the other hand.

1. Payments. In full and complete consideration for the Employee's promises and undertaking set forth in this Agreement, following the eighth (8th) day following receipt by the Company of a fully executed General Settlement and Release Agreement from the Employee, the Company will provide the Employee the consideration, if any, to which the Employee is entitled pursuant to the Amended and Restated Employment Agreement between the parties, dated , 2011, at the times specified in Section 6 of that Agreement unless the signature on this Agreement is revoked pursuant to Section 8 below.

2. Release of Known and Unknown Claims.

(a) It is understood and agreed by the parties to this Agreement that in consideration of the mutual promises and covenants contained in this Agreement, and after consultation with counsel, the Employee irrevocably and unconditionally releases and forever discharges the Company, its parent, subsidiary and affiliated companies, and all of their past and present officers, directors, employees, agents and assigns (collectively, the "Released Parties"), from any and all causes of action, claims, actions, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character, which the Employee may have against the Company or any of the Released Parties, or any of them, by reason of or arising out of, touching upon or concerning the Employee's employment, separation of his employment and reapplication for employment with the Company, or any statutory claims, or any and all other matters of whatever kind, nature or description, whether known or unknown, occurring prior to the date of the execution of this Agreement. The Employee acknowledges that this release of claims specifically includes, but is not limited to, any and all claims for fraud; breach of contract; breach of the implied covenant of good faith and fair dealing; inducement of breach; interference with contractual rights; wrongful or unlawful discharge or demotion; violation of public policy; sexual assault and battery; invasion of privacy; intentional or negligent infliction of emotional distress; intentional or negligent misrepresentation; conspiracy; defamation; unlawful effort to prevent employment; discrimination or harassment on the basis of age, race, color, sex, gender, national origin, ancestry, religious creed, physical or mental disability, medical condition, marital status, sexual orientation, genetic information or characteristics, or any other basis protected by applicable law; any claim under: Title VII of the Civil Rights Act of 1964 ("Title VII"); the Americans With Disabilities Act of 1990 ("ADA"); the Age Discrimination in Employment Act of 1967 ("ADEA"); the Employee Retirement Income Security Act of 1974 ("ERISA"); the Equal Pay Act of 1963 ("EPA"); the Fair Labor Standards Act ("FLSA"); the Consolidated Omnibus Budget Reconciliation Act ("COBRA"); the Worker Adjustment and Retraining

Notification Act ("WARN"); the Occupational Safety and Health Act ("OSHA"); the Lilly Ledbetter Fair Pay Act of 2009 ("Fair Pay Act"); the California Fair Employment and Housing Act ("FEHA"); the California Labor Code; and CalOSHA, or any other wrongful conduct, based upon events occurring prior to the date that this Agreement is executed by the Employee. Notwithstanding anything to the contrary herein, this Agreement shall not release the Employee's right, if any, to claims he may have for: (i) indemnification pursuant to the Indemnification Agreement, dated [ ], between Employee and the Company, the bylaws of the Company or insurance policies of the Company, for any claims arising out of the Employee's conduct as an employee or officer of the Company during his employment, (ii) unemployment, state disability and/or paid family leave insurance benefits pursuant to the terms of applicable state law, (iii) continuation of existing participation in Company-sponsored group health benefit plans under COBRA and/or an applicable state counterpart law, (iv) any benefit entitlements that are vested as of the Employee's termination date pursuant to the terms of a Company-sponsored benefit plan governed by ERISA, (v) stock and/or vested option shares pursuant to the written terms and conditions of the Employee's existing stock option grants and agreements, existing as of his termination date, (vi) violation of any federal, state or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable, and (vii) any wrongful act or omission occurring after the date the Employee signs this Agreement.

(b) The Employee represents and warrants that he has not assigned or subrogated any of his rights, claims or causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claims on his behalf, and he agrees to indemnify and hold harmless the Company and each of the Released Parties against any assignment of said rights, claims and/or causes of action.

3. Waiver of Unknown Claims.

(a) The Employee does hereby expressly waive and relinquish all rights and benefits afforded to him under law, and does so understanding and acknowledging the significance and consequences of such a waiver.

(b) Releases of Unknown Claims/Waiver of Civil Code Section 1542. The parties agree that this Agreement is a full and final release of any and all claims and the Employee expressly waives the benefit of Section 1542 of the California Civil Code, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(c) The Employee acknowledges and understands that he is being represented in this matter by counsel, and he expressly acknowledges and agrees that this Agreement is intended to include in its effect, without limitation, all claims which he does not know or suspect to exist at the time of the execution of this Agreement, and that this Agreement contemplates the extinguishment of those claims.

(d) The Employee acknowledges and agrees that he may later discover facts different from or in addition to those he now knows or believes to be true in entering into this Agreement. The Employee agrees to assume the risk of the possible discovery of additional or different facts, including facts which may have been concealed or hidden, and agrees that this Agreement shall remain effective regardless of such additional or different facts. The Employee further acknowledges and agrees that neither the Company nor any of the other Released Parties had any duty to disclose any fact to him prior to the execution of this Agreement.

4. Government Agency Claims Exception. Nothing in Section 2 above, or elsewhere in this Agreement, prevents or prohibits the Employee from filing a claim with a government agency, such as the U.S. Equal Employment Opportunity Commission, that is responsible for enforcing a law on behalf of the government. However, the Employee understands that he may only seek and receive non-personal forms of relief through any such claim unless otherwise provided by law.

5. Non-Admission of Liability. The Employee expressly recognizes that this Agreement shall not in any way be construed as an admission by the Company or any of the other Released Parties of any unlawful or wrongful acts whatsoever against the Employee or any other person or entity. The Company and each of the Released Parties expressly denies any violation of any policy or procedure, or of any state or federal law or regulation. The Company and each of the Released Parties also specifically denies any liability to or wrongful acts against the Employee, or any other person, on the part of themselves or any other employees or agents of the Company. This Agreement shall not be admissible in any proceeding as evidence of or any admission by the Company of any violation of any law or regulation or wrongful act. This Agreement may, however, be introduced in any proceeding to enforce this Agreement.

6. No Filing of Claims. The Employee specifically represents that he has no pending complaints or charges against the Company or any of the other Released Parties with any state or federal court or any local, state or federal agency, division or department based on any events occurring prior to the date of execution of this Agreement.

7. Advice of Counsel. The Employee acknowledges that he has been given twenty-one days (21) to seek the advice of counsel and to consider the effects of this Agreement upon his legal rights (the “Consideration Period”). To the extent that the Employee has signed the Agreement without obtaining the advice of counsel or before expiration of the Consideration Period, the Employee acknowledges that he has done so voluntarily with a full understanding of the Agreement and its effect upon his legal rights. Any discussion between the Employee and the Company or any of the Released Parties concerning the terms and conditions of this Agreement does not extend the Consideration Period.

8. Revocation Period. The Employee acknowledges that he has been informed that, after he signs this Agreement, he has the right to revoke his signature for a period of seven days (7) from the date that he signs the Agreement. To be effective, the revocation must be in writing, signed by the Employee, and delivered to Vice President of Human Resources at 501 Canal Boulevard, Point Richmond Technology Center, Richmond, California 94804 before the close of business on the seventh day (7th) day following the date the Employee signs this Agreement.

The Employee acknowledges and agrees that the Company has no obligation to comply with the terms of this Agreement until the Revocation Period has expired without revocation, at which time this Agreement will become effective and enforceable.

9. Nondisparagement. The Employee agrees that he will not disparage the Company or any of the Released Parties, or their products, services, officers, directors, employees, with any written or oral statement and the Company agrees that it will not disparage the Employee.

10. Confidentiality. The Employee consents and agrees that he will not, at any time, disclose the existence of this Agreement, the terms of his severance benefits and/or the alleged facts or circumstances giving rise to any actual or alleged claims to any person, firm, company, association, or entity or the press or media for any reason or purpose whatsoever, other than to his attorney, his immediate family and to his accountant or financial advisor for tax purposes. If the Employee is served with any subpoena, court order, or other legal process seeking disclosure of any such information, the Employee shall promptly send to the Company, within forty-eight (48) hours, via facsimile at (510) 970- , such subpoena, court order, or other legal process so that the Company may exercise any applicable legal remedies. The Employee agrees and acknowledges that a violation of this paragraph by the Employee shall be a material breach of this Agreement.

11. Delivery of Documents. The Employee represents and warrants that he has not removed any documents, records or other information, including any such documents, records or information that are or were electronically stored, from the premises of the Company. The Employee acknowledges that such documents, records and other information are the exclusive property of the Company or its subsidiaries or affiliates.

12. Remedies For Breach Of This Agreement.

(a) Injunctive Relief. In the event of a breach of the provisions of this Agreement, the Employee agrees that any remedy at law for any breach or threatened breach of the provisions of such paragraphs and the covenants set forth therein, will be inadequate and, accordingly, each party hereby stipulates that the other is entitled to obtain injunctive relief for any such breaches or threatened breaches (without the necessity of posting a bond). The injunctive relief provided for in this paragraph is in addition to, and is not in limitation of, any and all other remedies at law or in equity otherwise available to the applicable party.

(b) Remedies Cumulative. The remedies in this paragraph are not exclusive, and the parties shall have the right to pursue any other legal or equitable remedies to enforce the terms of this Agreement.

(c) Governing Law; Consent to Jurisdiction. This Agreement shall be deemed to be a contract made under, and shall be construed in accordance with, the laws of the State of California, without giving effect to conflict of laws principles thereof. All questions concerning the construction, validity, and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision that would cause the application of the laws of

any jurisdiction other than the State of California. Each of the parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of California or the United States District Court for the Northern District of California for any litigation, proceeding or action arising out of or relating to this Agreement (and agrees not to commence any litigation, proceeding or action relating thereto except in such courts). Each of the parties hereby irrevocably and unconditionally waives any objection to the laying of venue of any litigation, proceeding or action arising out of this Agreement or thereby in the courts of the State of California or the United States District Court for the Northern District of California and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation, proceeding or action brought in any such court has been brought in an inconvenient forum.

13. Counsel. The parties hereby acknowledge that they have had the reasonable opportunity to consult with attorneys of their own choice concerning the terms and conditions of this Agreement, that they have read and understand this Agreement, that they are fully aware of the contents of this Agreement and that they enter into this agreement freely and knowingly and with a full understanding of its legal effect.

14. Entire Agreement. This is the entire agreement between the Employee and the Company with respect to the subject matter hereof and the Agreement supersedes any previous negotiations, agreements and understandings. The Employee acknowledges that he has not relied on any oral or written representations by the Company (or its counsel) or any of the other Released Parties to induce him to sign this Agreement, other than the terms of this Agreement. No modifications of this Agreement can be made except in writing signed by the Employee and the Company.

15. Section 409A. It is the intention of the parties that the provisions of this Agreement comply with the requirements of Section 409A of the Internal Revenue Code ("Section 409A") and the Treasury Regulations thereunder. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the applicable requirements or limitations of Section 409A, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Section 409A and the Treasury Regulations thereunder. In no event may the Employee, directly or indirectly, designate the calendar year of a payment.

16. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

17. Ambiguities. Attorneys for both parties have participated in the negotiation of this Agreement and, thus, it is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. In the event that any language of this Agreement is found to be ambiguous, each party shall have an opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language.

18. Waiver. No waiver by any party of any breach of any term or provision of this Agreement shall be a waiver of any preceding, concurrent or succeeding breach of this Agreement or of any other term or provision of this Agreement. No waiver shall be binding on the part of, or on behalf of, any other party entering into this Agreement.

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

THE SIGNATORIES HAVE CAREFULLY READ THIS ENTIRE AGREEMENT. ITS CONTENTS HAVE BEEN FULLY EXPLAINED TO THEM BY THEIR ATTORNEYS. THE SIGNATORIES FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS AGREEMENT. THE ONLY PROMISES MADE TO ANY SIGNATORY ABOUT THIS AGREEMENT, AND TO SIGN THIS AGREEMENT, ARE CONTAINED IN THIS AGREEMENT. THE SIGNATORIES ARE SIGNING THIS AGREEMENT VOLUNTARILY.

PLEASE READ CAREFULLY.
THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE
INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS AND OF ANY
RIGHTS OR CLAIMS ARISING UNDER THE AGE DISCRIMINATION IN
EMPLOYMENT ACT OF 1967

IN WITNESS WHEREOF, the parties have executed this General Settlement and Release Agreement on the dates set forth below.

SANGAMO BIOSCIENCES, INC.:

_____

DATE: _____

EMPLOYEE:

_____

DATE: _____

Exhibit 10.4

EMPLOYMENT AGREEMENT

Employment Agreement (the "Agreement") made effective as of the 17th day of June 2011 (the "Commencement Date"), by and between Sangamo BioSciences, Inc., a Delaware corporation (the "Company") and Dr. Geoff Nichol (the "Executive").

R E C I T A L S

The Board of Directors (the "Board") has elected Executive to serve as the Company's Executive Vice President Research and Development pursuant to the terms of this Agreement and Executive desires to accept the position.

NOW, THEREFORE, the parties agree as follows:

1. Position.

The Board has elected Executive to the full-time position of the Company's Executive Vice President Research and Development and Executive has accepted this position. In his role as Executive Vice President Research and Development, Executive will report to the Company's Chief Executive Officer.

2. Compensation.

Executive will be paid as compensation for his services a base salary at the annual rate of $425,000, or such higher rate as the Board may determine from time to time. The salary shall be payable in accordance with the standard payroll procedures of the Company. The annual compensation specified in this Section 2, together with any increases in such compensation that may be granted from time to time, is referred to in this Agreement as "base salary."

3. Annual Performance Bonus.

Executive shall be eligible to receive a bonus of up to forty percent (40%) of his base salary for his performance each calendar year. This bonus shall be paid not later than February 28 of the year following the year for which it is being paid based upon the achievement of certain individual and Company performance criteria as agreed upon by the Board (or the Compensation Committee of the Board) and Executive. The determination of Executive's performance in relation to the performance criteria and the amount of the bonus shall be in the sole discretion of the Board (or the Compensation Committee of the Board).

4. Sign-On Bonus.

Executive shall on the Commencement Date be paid a sign-on bonus in the amount of $150,000 (the "Sign-On Bonus"). Should Executive's employment be terminated by the Company for Cause (as defined below), or should Executive voluntarily terminate his employment other than for Good Reason (as defined below), at any time prior to the second (2nd) anniversary of the Commencement Date, then, in either case, Executive shall at the time of such termination repay the Sign-On Bonus to the Company.

5. Benefits.

Executive will be entitled to the employee benefits generally provided to other executive officers of the Company. Under the Company's vacation policy, you will have 10 sick days, 15 vacation days and 10 Company holidays per year.

6. Equity.

(a) The Board (or a committee of the Board) shall grant Executive a stock option to purchase 300,000 shares of the Company's Common Stock with an exercise price per share equal to the fair market value of the Company's Common Stock on the date of grant (the "Option") under the Company's 2004 Stock Incentive Plan (the "Plan"). The grant of the Option shall be not later than the second business day after the commencement of Executive's employment. The Option will be evidenced by the standard stock option agreement under the Plan and will be subject to the terms and conditions of that agreement and the Plan, with one-quarter of the Option shares vesting twelve (12) months from the date of grant and the remainder vesting in equal monthly installments for thirty-six (36) months thereafter, provided Executive remains a full-time employee during these time periods. Vesting of the Option and any subsequent equity grants will cease upon termination of Executive's employment by either party for any reason, provided however, in the event of the termination of Executive's employment by the Company without "Cause" (as hereafter defined) or by Executive for "Good Reason" (as hereafter defined), in either case, within twelve (12) months of the Change in Control (as hereafter defined), Executive shall vest in full with respect to the Option and any other equity incentive award then held by Executive.

(b) For purposes of this Agreement, "Change in Control" shall mean a change in ownership or control of the Company effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Company's stockholders, *unless* securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company's outstanding voting securities immediately prior to such transaction,

(ii) a stockholder-approved sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or dissolution of the Company, or

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into

or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company's existing stockholders.

(d) In the event of any conflict with the terms of the stock option agreement or the Plan, and this Agreement, this Agreement will control.

7. Employment Period

Executive's employment with the Company pursuant to this Agreement shall commence upon execution of this Agreement and shall continue until terminated by either party (the "Employment Period"). Executive's employment may be terminated by either party upon thirty (30) days written notice to the other party. Upon such termination, Executive will be entitled to the severance benefits described herein.

8. Severance Benefits.

(a) If Executive's employment is terminated by the Company for Cause, or by Executive without Good Reason, or upon Executive's death, then Executive will receive his unpaid salary and benefits (including accrued, but unused vacation time) earned up to the effective date of his termination and nothing else.

(b) If Executive incurs a Separation from Service (as hereafter defined) because his employment is terminated by the Company without "Cause" or by Executive with "Good Reason" in either case within twelve (12) months following a Change in Control, Executive shall be entitled to receive the following benefits:

(i) The Company shall immediately pay to Executive the amounts described in Section 8(a) above.

(ii) The Company shall pay in cash an amount equal to (A) Executive's annual base salary then in effect plus (B) Executive's target bonus for the year in which the termination occurs as a severance payment. Such severance payment shall be paid over a twelve (12) month period in a series of successive equal installments. The first such payment shall be made within the sixty (60)-day period measured from the date of the Executive's Separation from Service (as hereafter defined) as a result of termination specified in this Section 8(b), provided that the General Release has been delivered by Executive pursuant to Section 8(f) below and is effective and enforceable following the expiration of the maximum review and revocation periods applicable to that release under law. However, should such sixty (60)-day period span two taxable years, then the first such payment shall be made during the portion of that sixty (60)-day period that occurs in the second taxable year. The remaining installments shall be made in accordance with the Company's regular payroll schedule for its salaried employees. The severance payments under this Section 8(b) shall be treated as a right to a series of separate payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code).

(iii) The Company shall pay a lump sum cash payment in the amount of $25,000 within the sixty (60)-day period measured from the date of the Executive's Separation from Service as a result of termination specified in this Section 8(b), provided that the General Release has been delivered by Executive pursuant to Section 8(f) below and is effective and enforceable following the expiration of the maximum review and revocation periods applicable to that release under law. However, should such sixty (60)-day period span two taxable years, then such payment shall be made during the portion of that sixty (60)-day period that occurs in the second taxable year.

(c) If Executive's employment is terminated by the Company without "Cause" or by Executive with "Good Reason" in the absence of a Change in Control or more than 12 months after a Change in Control, Executive will be entitled to receive the following benefits:

(i) The Company shall immediately pay to Executive the amounts described in Section 8(a) above.

(ii) The Company shall pay in cash an amount equal to Executive's annual base salary then in effect as a severance payment. Such severance payment shall be paid over a twelve (12) month period in a series of successive equal installments. The first such payment shall be made within the sixty (60)-day period measured from the date of the Executive's Separation from Service (as hereafter defined) as a result of termination specified in this Section 8(c), provided that the General Release has been delivered by Executive pursuant to Section 8(f) below and is effective and enforceable following the expiration of the maximum review and revocation periods applicable to that release under law. However, should such sixty (60)-day period span two taxable years, then the first such payment shall be made during the portion of that sixty (60)-day period that occurs in the second taxable year. The remaining installments shall be made in accordance with the Company's regular payroll schedule for its salaried employees. The severance payments under this Section 8(c) shall be treated as a right to a series of separate payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code).

(iii) The Company shall pay a lump sum cash payment in the amount of $25,000 within the sixty (60)-day period measured from the date of the Executive's Separation from Service as a result of termination specified in this Section 8(c), provided that the General Release has been delivered by Executive pursuant to Section 8(f) below and is effective and enforceable following the expiration of the maximum review and revocation periods applicable to that release under law. However, should such sixty (60)-day period span two taxable years, then such payment shall be made during the portion of that sixty (60)-day period that occurs in the second taxable year.

(d) For purposes of this Agreement, “Cause” shall be defined as:

(i) conviction of a felony, or any other crime against or involving the Company;

(ii) a proven act of fraud, dishonesty or misappropriation committed by Executive with respect to the Company;

(iii) willful or reckless misconduct by Executive that materially affects the Company or any of its officers, directors, employees, clients, partners, insurers, subsidiaries, parents, or affiliates;

(iv) a material breach of this Agreement or the Proprietary Information and Assignment of Inventions Agreement between Executive and the Company (“Proprietary Information Agreement”).

The foregoing is an exclusive list of the acts or omissions that shall be considered “Cause” for the termination of Executive’s employment.

(e) For purposes of this Agreement, “Good Reason” shall be defined as one or more of the following conditions arising without Executive’s written consent:

(i) a material diminution in Executive’s base compensation; or

(ii) a material relocation of Executive’s principal place of business, with a relocation of more than fifty (50) miles to be deemed material for such purposes;

(iii) a material diminution in Executive’s duties, responsibilities or authority;

(iv) prior to a Change of Control, a requirement that Executive report to a supervisor other than the Company’s Chief Executive Officer; or

(v) a material breach of this Agreement by the Company.

In order for a termination of employment to be for Good Reason, Executive must provide written notice to the Board of the existence of one or more conditions described above and his intent to resign for Good Reason hereunder within a period not to exceed thirty (30) of the initial existence of the condition. Following his providing this notice, the Company shall be provided a period of at least thirty (30) days during which to remedy the condition. Executive shall continue to receive the compensation and benefits provided by this Agreement during the cure period and if the condition is not cured during such period, then at the end of such period Executive’s employment shall cease and Executive will become entitled to the severance benefits described above. If the condition is cured, Executive shall not be deemed to have “Good Reason” to terminate his employment.

(f) Notwithstanding the foregoing, in order to receive any severance payments or benefits under this Section 8, Executive must first execute and deliver to the Company, within thirty (30) days (or forty-five (45) days if such longer period is required under applicable law) after the effective date of termination of employment, a general settlement and

release agreement in substantially the form attached hereto as Exhibit A (a "General Release"), and such General Release must become effective and enforceable in accordance with its terms following the expiration of any applicable revocation period under federal or state law. If such General Release is not executed and delivered to the Company within the applicable thirty (30) (or forty-five (45))-day period hereunder or does not otherwise become effective and enforceable in accordance with its terms, then no severance benefits will provided Executive under Section 8(b) or 8(c).

(g) For purposes of this Agreement, "Separation from Service" shall mean Executive's cessation of Employee status and shall be deemed to occur at such time as the level of the bona fide services Executive is to perform in Employee status (or as a consultant or other independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services Executive rendered in Employee status during the immediately preceding thirty-six (36) months (or such shorter period for which Executive may have rendered such service). Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code. For purposes of determining whether Executive has incurred a Separation from Service, Executive will be deemed to continue in "Employee" status for so long as he remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. "Employer Group" means the Company and any other corporation or business controlled by, controlling or under common control with, the Company as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) for purposes of determining the controlled group of corporations under Section 414(b), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in Section 1.4.14(c)-2 of the Treasury Regulations.

9. Full-time Services to the Company.

As a full-time executive employee, the Company requires that Executive devotes his full business time, attention, skills and efforts to the duties and responsibilities of his position. However, Executive will not be precluded from providing services to non-profit organizations or sitting on the board of directors of companies identified in writing to the Company prior to the execution of this Agreement or approved by the Board or the Compensation Committee of the Board, so long as such services will not otherwise interfere with Executive's ability to satisfactorily fulfill his duties and responsibilities to the Company.

10. Tax Withholdings.

Any and all cash compensation and other benefits paid to Executive under this Agreement shall be subject to all applicable tax withholding requirements, and the Company shall make such other deductions as may be required and/or allowed by applicable law and/or as authorized in writing by Executive.

11. Section 409A Delayed Commencement of Benefits.

(a) The severance and other benefits under this Agreement are intended, where possible, to comply with the "short term deferral exception" and the "involuntary separation pay exception" to Code Section 409A. Accordingly, the provisions of this Agreement applicable to the severance benefits described in Section 8 and the determination of the Executive's Separation from Service due to termination of the Executive's employment without Cause or the Executive's resignation for Good Reason shall be applied, construed and administered so that those payments and benefits qualify for one or both of those exceptions, to the maximum extent allowable. However, to the extent any payment or benefit to which the Executive becomes entitled under this Agreement is deemed to constitute an item of deferred compensation subject to the requirements of Code Section 409A, the provisions of this Agreement applicable to that payment or benefit shall be applied, construed and administered so that such payment or benefit is made or provided in compliance with the applicable requirements of Code Section 409A. In addition, should there arise any ambiguity as to whether any other provisions of this Agreement would contravene one or more applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder, such provisions shall be interpreted, administered and applied in a manner that complies with the applicable requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Notwithstanding any provision in this Agreement the contrary, no payment or distribution under this Agreement which constitutes an item of deferred compensation under Section 409A of the Code and becomes payable by reason of the Executive's termination of employment with the Company will be made to the Executive until the Executive incurs a Separation from Service in connection with such termination of employment. For purposes of this Agreement, each amount to be paid or benefit to be provided to the Executive shall be treated as a separate identified payment or benefit for purposes of Section 409A of the Code. In addition, no payment or benefit which constitutes an item of deferred compensation under Section 409A of the Code and becomes payable by reason of the Executive's Separation from Service will be made to the Executive prior to the earlier of (i) the first day of the seven (7)-month following the date of such Separation from Service or (ii) the date of the Executive's death, if the Executive is deemed at the time of such Separation from Service to be a specified employee (as determined pursuant to Code Section 409A and the Treasury Regulations thereunder) and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable deferral period, all payments and benefits deferred pursuant to this Section 11(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or provided to the Executive in a lump sum on the first day of the seventh (7th) month after the date of the Executive's Separation from Service or, if earlier, the first day of the month immediately following the date the Company receives proof of the Executive's death. Any remaining payments or benefits due under this Agreement will be paid in accordance with the normal payment dates specified herein.

12. Arbitration.

Any dispute, controversy, or claim, whether contractual or non-contractual, between Executive and the Company, unless mutually settled, shall be resolved by

binding arbitration in accordance with the Employment Arbitration Rules of Judicial Arbitration and Mediation Service ("JAMS"). Executive and the Company each agree that before proceeding to arbitration, they will mediate disputes before the JAMS by a mediator approved by the JAMS. If mediation fails to resolve the matter, any subsequent arbitrator shall be conducted by an arbitration approved by the JAMS and mutually acceptable to Executive and the Company. All disputes, controversies, and claims shall be conducted by a single arbitrator. If Executive and the Company are unable to agree on the mediator or the arbitrator, then the JAMS shall select the mediator/arbitrator. The resolution of the dispute by the arbitrator shall be final, binding, non-appealable, and fully enforceable by a court of competent jurisdiction under the Federal Arbitration Act. The arbitration award shall be in writing and shall include a statement of the reasons for the award. The arbitration shall be held in San Francisco, California. The Company shall pay all JAMS, mediation, and arbitrator's fees and costs, irrespective of who raised the claim and the outcome of arbitration.

13. Indemnification. During the Employment Period Executive shall be a covered officer under the Company's directors and officers liability insurance. As required under California law, the Company will indemnify Executive for all necessary expenditures or losses incurred by Executive in direct consequence of the discharge of his duties or his obedience to the directions of the Company.

14. Severability.

If any provision of this Agreement as applied to any party or to any circumstance should be adjudged by a court of competent jurisdiction (or determined by the arbitrator) to be void or unenforceable for any reason, the invalidity of that provision shall in no way affect (to the maximum extent permissible by law) the application of such provision under circumstances different from those adjudicated by the court or determined by the arbitrator, the application of any other provision of this Agreement, or the enforceability or invalidity of this Agreement as a whole. Should any provision of this Agreement become or be deemed invalid, illegal or unenforceable in any jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision will be stricken, and the remainder of this Agreement shall continue in full force and effect.

15. Miscellaneous.

Executive acknowledges and agrees that in deciding to sign this Agreement he has not relied on any representations, promises or commitments concerning his employment, whether spoken or in writing, made to him by any representative of the Company, except for what is expressly stated in this Agreement, and the Proprietary Information Agreement. This Agreement can only be changed by another written agreement signed by Executive and an authorized representative of the Company and, to be effective, must specifically state that it is intended to alter or modify this Agreement. Except as provided for herein, this Agreement and the Proprietary Information Agreement consist of the entire agreement between the parties and supersede and replace any prior verbal or written agreements between Executive and the Company.

This Agreement shall be construed and interpreted in accordance with the laws of the State of California. Each provision of this agreement is severable from the others, and if any provision hereof shall be to any extent unenforceable, it and the other provisions shall continue to be enforceable to the full extent allowable, as if such offending provision had not been a part of this Agreement.

SANGAMO BIOSCIENCES, INC.

By: /s/ Edward O. Lanphier II
Edward O. Lanphier II
Chief Executive Officer

DR. GEOFF NICHOL, EXECUTIVE

/s/ Dr. Geoff Nichol

EXHIBIT A

GENERAL SETTLEMENT AND RELEASE AGREEMENT

PURSUANT TO SECTION 8(F) OF THE EMPLOYMENT AGREEMENT BETWEEN SANGAMO BIOSCIENCES, INC. AND DR. GEOFF NICHOL, EXECUTION OF A GENERAL SETTLEMENT AND RELEASE AGREEMENT, IN SUBSTANTIALLY THE SAME FORM AS THIS EXHIBIT A IS A CONDITION TO MR. NICHOL'S RECEIPT OF CERTAIN PAYMENTS AND BENEFITS PURSUANT TO SECTION 8 OF SUCH AGREEMENT. THIS DOCUMENT IS INTENDED AS A FORM OF THE GENERAL SETTLEMENT AND RELEASE AGREEMENT AND MUST BE FINALIZED BY SANGAMO BIOSCIENCES, INC. PRIOR TO EXECUTION.

GENERAL SETTLEMENT AND RELEASE AGREEMENT

This General Settlement and Release Agreement (the "Agreement") is by and between Sangamo BioSciences, Inc., for itself and for all of its affiliated, related, parent and direct and indirect subsidiary companies, joint venturers and partnerships, successors and permitted assigns and each of them (collectively, the "Company"), on the one hand, and Dr. Geoff Nichol for himself, and his agents, representatives, heirs and assigns (the "Executive"), on the other hand.

1. **Payments**. In full and complete consideration for the Executive's promises and undertaking set forth in this Agreement, following the eighth (8th) day following receipt by the Company of a fully executed General Settlement and Release Agreement from the Executive, the Company will provide the Executive the consideration, if any, to which the Executive is entitled pursuant to the Employment Agreement between the parties, dated June 17, 2011, at the times specified in Section 8 of that Agreement unless the signature on this Agreement is revoked pursuant to Section 8 below.

2. **Release of Known and Unknown Claims**.

(a) It is understood and agreed by the parties to this Agreement that in consideration of the mutual promises and covenants contained in this Agreement, and after consultation with counsel, the Executive irrevocably and unconditionally releases and forever discharges the Company, its parent, subsidiary and affiliated companies, and all of their past and present officers, directors, employees, agents and assigns (collectively, the "Released Parties"), from any and all causes of action, claims, actions, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character, which the Executive may have against the Company or any of the Released Parties, or any of them, by reason of or arising out of, touching upon or concerning the Executive's employment, separation of his employment and reapplication for employment with the Company, or any statutory claims, or any and all other matters of whatever kind, nature or description, whether known or unknown, occurring prior to the date of the execution of this Agreement. The Executive acknowledges that this release of claims specifically includes, but is not limited to, any and all claims for fraud; breach of contract; breach of the implied covenant of good faith and fair dealing; inducement of breach; interference with contractual rights; wrongful or unlawful discharge or demotion; violation of public policy; sexual assault and battery; invasion of privacy; intentional or negligent infliction of emotional distress; intentional or negligent misrepresentation; conspiracy; defamation; unlawful effort to prevent employment; discrimination or harassment on the basis of age, race, color, sex, gender, national origin, ancestry, religious creed, physical or mental disability, medical condition, marital status, sexual orientation, genetic information or characteristics, or any other basis protected by applicable law; any claim under: Title VII of the Civil Rights Act of 1964 ("Title VII"); the Americans With Disabilities Act of 1990 ("ADA"); the Age Discrimination in Employment Act of 1967 ("ADEA"); the Employee Retirement Income Security Act of 1974 ("ERISA"); the Equal Pay Act of 1963 ("EPA"); the Fair Labor Standards Act ("FLSA"); the Consolidated Omnibus Budget Reconciliation Act ("COBRA"); the Worker Adjustment and Retraining

Notification Act ("WARN"); the Occupational Safety and Health Act ("OSHA"); the Lilly Ledbetter Fair Pay Act of 2009 ("Fair Pay Act"); the California Fair Employment and Housing Act ("FEHA"); the California Labor Code; and CalOSHA, or any other wrongful conduct, based upon events occurring prior to the date that this Agreement is executed by the Executive. Notwithstanding anything to the contrary herein, this Agreement shall not release the Executive's right, if any, to claims he may have for: (i) indemnification pursuant to the bylaws of the Company or insurance policies of the Company, for any claims arising out of the Executive's conduct as an employee or officer of the Company during his employment, (ii) unemployment, state disability and/or paid family leave insurance benefits pursuant to the terms of applicable state law, (iii) continuation of existing participation in Company-sponsored group health benefit plans under COBRA and/or an applicable state counterpart law, (iv) any benefit entitlements that are vested as of the Executive's termination date pursuant to the terms of a Company-sponsored benefit plan governed by ERISA, (v) stock and/or vested option shares pursuant to the written terms and conditions of the Executive's existing stock option grants and agreements, existing as of his termination date, (vi) violation of any federal, state or local statutory and/or public policy right or entitlement that, by applicable law, is not waivable, and (vii) any wrongful act or omission occurring after the date the Executive signs this Agreement.

(b) The Executive represents and warrants that he has not assigned or subrogated any of his rights, claims or causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claims on his behalf, and he agrees to indemnify and hold harmless the Company and each of the Released Parties against any assignment of said rights, claims and/or causes of action.

3. **Waiver of Unknown Claims**.

(a) The Executive does hereby expressly waive and relinquish all rights and benefits afforded to him under law, and does so understanding and acknowledging the significance and consequences of such a waiver.

(b) Releases of Unknown Claims/Waiver of Civil Code Section 1542. The parties agree that this Agreement is a full and final release of any and all claims and the Executive expressly waives the benefit of Section 1542 of the California Civil Code, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(c) The Executive acknowledges and understands that he is being represented in this matter by counsel, and he expressly acknowledges and agrees that this Agreement is intended to include in its effect, without limitation, all claims which he does not know or suspect to exist at the time of the execution of this Agreement, and that this Agreement contemplates the extinguishment of those claims.

(d) The Executive acknowledges and agrees that he may later discover facts different from or in addition to those he now knows or believes to be true in entering into this Agreement. The Executive agrees to assume the risk of the possible discovery of additional or different facts, including facts which may have been concealed or hidden, and agrees that this Agreement shall remain effective regardless of such additional or different facts. The Executive further acknowledges and agrees that neither the Company nor any of the other Released Parties had any duty to disclose any fact to him prior to the execution of this Agreement.

4. **Government Agency Claims Exception**. Nothing in Section 2 above, or elsewhere in this Agreement, prevents or prohibits the Executive from filing a claim with a government agency, such as the U.S. Equal Employment Opportunity Commission, that is responsible for enforcing a law on behalf of the government. However, the Executive understands that he may only seek and receive non-personal forms of relief through any such claim unless otherwise provided by law.

5. **Non-Admission of Liability**. The Executive expressly recognizes that this Agreement shall not in any way be construed as an admission by the Company or any of the other Released Parties of any unlawful or wrongful acts whatsoever against the Executive or any other person or entity. The Company and each of the Released Parties expressly denies any violation of any policy or procedure, or of any state or federal law or regulation. The Company and each of the Released Parties also specifically denies any liability to or wrongful acts against the Executive, or any other person, on the part of themselves or any other employees or agents of the Company. This Agreement shall not be admissible in any proceeding as evidence of or any admission by the Company of any violation of any law or regulation or wrongful act. This Agreement may, however, be introduced in any proceeding to enforce this Agreement.

6. **No Filing of Claims**. The Executive specifically represents that he has no pending complaints or charges against the Company or any of the other Released Parties with any state or federal court or any local, state or federal agency, division or department based on any events occurring prior to the date of execution of this Agreement.

7. **Advice of Counsel**. The Executive acknowledges that he has been given twenty-one days (21) to seek the advice of counsel and to consider the effects of this Agreement upon his legal rights (the “Consideration Period”). To the extent that the Executive has signed the Agreement without obtaining the advice of counsel or before expiration of the Consideration Period, the Executive acknowledges that he has done so voluntarily with a full understanding of the Agreement and its effect upon his legal rights. Any discussion between the Executive and the Company or any of the Released Parties concerning the terms and conditions of this Agreement does not extend the Consideration Period.

8. **Revocation Period**. The Executive acknowledges that he has been informed that, after he signs this Agreement, he has the right to revoke his signature for a period of seven days (7) from the date that he signs the Agreement. To be effective, the revocation must be in writing, signed by the Executive, and delivered to Vice President of Human Resources at 501 Canal Boulevard, Point Richmond Technology Center, Richmond, California 94804 before the close of business on the seventh day (7th) day following the date the Executive signs this Agreement. The Executive acknowledges and agrees that the Company has no obligation to comply with the terms of this Agreement until the Revocation Period has expired without revocation, at which time this Agreement will become effective and enforceable.

9. **Nondisparagement**. The Executive agrees that he will not disparage the Company or any of the Released Parties, or their products, services, officers, directors, employees, with any written or oral statement and the Company agrees that it will not disparage the Executive.

10. **Confidentiality**. The Executive consents and agrees that he will not, at any time, disclose the existence of this Agreement, the terms of his severance benefits and/or the alleged facts or circumstances giving rise to any actual or alleged claims to any person, firm, company, association, or entity or the press or media for any reason or purpose whatsoever, other than to his attorney, his immediate family and to his accountant or financial advisor for tax purposes. If the Executive is served with any subpoena, court order, or other legal process seeking disclosure of any such information, the Executive shall promptly send to the Company, within forty-eight (48) hours, via facsimile at (510) 970- , such subpoena, court order, or other legal process so that the Company may exercise any applicable legal remedies. The Executive agrees and acknowledges that a violation of this paragraph by the Executive shall be a material breach of this Agreement.

11. **Delivery of Documents**. The Executive represents and warrants that he has not removed any documents, records or other information, including any such documents, records or information that are or were electronically stored, from the premises of the Company. The Executive acknowledges that such documents, records and other information are the exclusive property of the Company or its subsidiaries or affiliates.

12. **Remedies For Breach Of This Agreement**.

(a) Injunctive Relief. In the event of a breach of the provisions of this Agreement, the Executive agrees that any remedy at law for any breach or threatened breach of the provisions of such paragraphs and the covenants set forth therein, will be inadequate and, accordingly, each party hereby stipulates that the other is entitled to obtain injunctive relief for any such breaches or threatened breaches (without the necessity of posting a bond). The injunctive relief provided for in this paragraph is in addition to, and is not in limitation of, any and all other remedies at law or in equity otherwise available to the applicable party.

(b) Remedies Cumulative. The remedies in this paragraph are not exclusive, and the parties shall have the right to pursue any other legal or equitable remedies to enforce the terms of this Agreement.

(c) Governing Law; Consent to Jurisdiction. This Agreement shall be deemed to be a contract made under, and shall be construed in accordance with, the laws of the State of California, without giving effect to conflict of laws principles thereof. All questions concerning the construction, validity, and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision that would cause the application of the laws of any jurisdiction other than the State of California. Each of the parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of

California or the United States District Court for the Northern District of California for any litigation, proceeding or action arising out of or relating to this Agreement (and agrees not to commence any litigation, proceeding or action relating thereto except in such courts). Each of the parties hereby irrevocably and unconditionally waives any objection to the laying of venue of any litigation, proceeding or action arising out of this Agreement or thereby in the courts of the State of California or the United States District Court for the Northern District of California and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation, proceeding or action brought in any such court has been brought in an inconvenient forum.

13. **Counsel**. The parties hereby acknowledge that they have had the reasonable opportunity to consult with attorneys of their own choice concerning the terms and conditions of this Agreement, that they have read and understand this Agreement, that they are fully aware of the contents of this Agreement and that they enter into this agreement freely and knowingly and with a full understanding of its legal effect.

14. **Entire Agreement**. This is the entire agreement between the Executive and the Company with respect to the subject matter hereof and the Agreement supersedes any previous negotiations, agreements and understandings. The Executive acknowledges that he has not relied on any oral or written representations by the Company (or its counsel) or any of the other Released Parties to induce him to sign this Agreement, other than the terms of this Agreement. No modifications of this Agreement can be made except in writing signed by the Executive and the Company.

15. **Section 409A**. It is the intention of the parties that the provisions of this Agreement comply with the requirements of Section 409A of the Internal Revenue Code ("Section 409A") and the Treasury Regulations thereunder. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the applicable requirements or limitations of Section 409A, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Section 409A and the Treasury Regulations thereunder. In no event may the Executive, directly or indirectly, designate the calendar year of a payment.

16. **Severability**. If any provision of this Agreement is held to be illegal, invalid or unenforceable under existing or future laws effective during the term of this Agreement, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

17. **Ambiguities**. Attorneys for both parties have participated in the negotiation of this Agreement and, thus, it is understood and agreed that the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement. In the event that any language of this Agreement is found to be ambiguous, each party shall have an opportunity to present evidence as to the actual intent of the parties with respect to any such ambiguous language.

18. **Waiver**. No waiver by any party of any breach of any term or provision of this Agreement shall be a waiver of any preceding, concurrent or succeeding breach of this Agreement or of any other term or provision of this Agreement. No waiver shall be binding on the part of, or on behalf of, any other party entering into this Agreement.

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

THE SIGNATORIES HAVE CAREFULLY READ THIS ENTIRE AGREEMENT. ITS CONTENTS HAVE BEEN FULLY EXPLAINED TO THEM BY THEIR ATTORNEYS. THE SIGNATORIES FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS AGREEMENT. THE ONLY PROMISES MADE TO ANY SIGNATORY ABOUT THIS AGREEMENT, AND TO SIGN THIS AGREEMENT, ARE CONTAINED IN THIS AGREEMENT. THE SIGNATORIES ARE SIGNING THIS AGREEMENT VOLUNTARILY.

PLEASE READ CAREFULLY.
THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS AND OF ANY RIGHTS OR CLAIMS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967

IN WITNESS WHEREOF, the parties have executed this General Settlement and Release Agreement on the dates set forth below.

SANGAMO BIOSCIENCES, INC.:

_____

DATE: _____

EXECUTIVE:

_____

DATE: _____

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. ("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 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:
   (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: August 5, 2011

/s/ Edward O. Lanphier II

Edward O. Lanphier II
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, H. Ward Wolff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sangamo BioSciences, Inc. ("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 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:
   (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: August 5, 2011

/s/ H. Ward Wolff

H. Ward Wolff
Executive Vice President and Chief Financial Officer
(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 June 30, 2011, 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: August 5, 2011

/s/ H. Ward Wolff

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

Date: August 5, 2011