

SANGAMO BIOSCIENCES INC

Form DEF 14A

April 28, 2006

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**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Sangamo BioSciences, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement no.:

(3) Filing Party:

(4) Date Filed:

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**SANGAMO BIOSCIENCES, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held June 7, 2006**

**To the Stockholders of Sangamo BioSciences, Inc.:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Sangamo BioSciences, Inc., a Delaware corporation (the Company or Sangamo ), will be held on Monday, June 7, 2006, at 9:00 a.m. Pacific time at 501 Canal Blvd, Suite A100, Richmond, California 94804, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect seven directors to serve on the Board of Directors for a one-year term ending at the Annual Meeting held in 2007 or until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as independent auditors of Sangamo for the fiscal year ending December 31, 2006, and
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on April 27, 2006 are entitled to notice of and to vote at the Annual Meeting. The stock transfer books of Sangamo will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for inspection at the executive offices of Sangamo.

All stockholders are cordially invited to attend the meeting in person. Whether or not you plan to attend, please vote as soon as possible. You may vote by mailing a completed proxy card, by telephone, or over the Internet. Should you receive more than one Proxy because your shares are registered in different names and addresses, each Proxy should be signed and returned or the shares represented thereby should be voted by telephone or over the Internet to assure that all your shares will be voted. You may revoke your Proxy at any time prior to the Annual Meeting. If you attend the Annual Meeting and vote by ballot, your Proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

Sincerely,

/s/ EDWARD O. LANPHIER II  
Edward O. Lanphier II  
*President and Chief Executive Officer*

Richmond, California  
April 28, 2006

**YOUR VOTE IS VERY IMPORTANT**

**REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE. PLEASE REFERENCE**

**THE VOTING BY MAIL, VIA THE INTERNET OR BY TELEPHONE SECTION ON PAGE 3 OF THE PROXY STATEMENT FOR ALTERNATE VOTING METHODS.**

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**SANGAMO BIOSCIENCES, INC.  
501 Canal Blvd, Suite A100  
Richmond, California 94804**

**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On June 7, 2006**

**General**

The enclosed Proxy ( Proxy ) is solicited on behalf of the Board of Directors of Sangamo BioSciences, Inc., a Delaware corporation (the Company or Sangamo ), for use at the Annual Meeting of Stockholders to be held on June 7, 2006 (the Annual Meeting ). The Annual Meeting will be held at 9:00 a.m. at 501 Canal Blvd, Suite A100, Richmond, California 94804. These Proxy solicitation materials are being mailed on or about May 2, 2006, to all stockholders entitled to vote at the Annual Meeting.

**Voting**

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying Notice and are described in more detail in this Proxy Statement. On April 27, 2006, the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, 30,717,361 shares of Sangamo s Common Stock, par value \$0.01 ( Common Stock ), were issued and outstanding. No shares of Sangamo s preferred stock, par value \$0.01, were outstanding. Each stockholder is entitled to one vote for each share of Common Stock held by such stockholder on April 27, 2006. Stockholders may not cumulate votes in the election of directors.

Holders of a majority of the outstanding shares of Common Stock must be present or represented at the Annual Meeting in order to have a quorum. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting. Broker non-votes are shares held of record by stock brokerage firms which are not voted due to the failure of the beneficial owners of those shares to provide voting instructions as to those matters as to which the brokerage firms may not vote on a discretionary basis. In the election of directors (Proposal No. 1), the seven nominees receiving the highest number of affirmative votes will be elected. Ratification of the appointment of Ernst & Young LLP (Proposal No. 2) requires the approval of the affirmative vote of a majority of the shares of Common Stock present or represented and entitled to vote. Abstentions will have no effect on Proposal No. 1 but will be counted in the tabulation of the votes cast on Proposal No. 2 and will have the same effect as negative votes on that proposal. Broker non-votes are not entitled to vote at the Annual Meeting and will not be counted for purposes of determining whether a proposal has been approved. If the persons present or represented by proxy at the Annual Meeting constitute the holders of less than a majority of the outstanding shares of Common Stock as of the record date, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

**Recommendations of the Board of Directors**

The Company s Board of Directors (the Board of Directors or the Board ) recommends that you vote FOR each of the nominees of the Board of Directors (Proposal No. 1) and FOR ratification of the appointment of Ernst & Young LLP as the Company s independent accountants for the Company s fiscal year ending December 31, 2006 (Proposal No. 2).

**Voting by Mail, via the Internet or by Telephone**

Stockholders whose shares are registered in their own names may vote by mailing a completed proxy card, via the Internet or by telephone. Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. To vote by mailing a proxy card, sign and return the enclosed proxy card in the enclosed prepaid and

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addressed envelope and your shares will be voted at the Annual Meeting in the manner you direct. In the event no directions are specified, such proxies will be voted FOR each of the nominees of the Board of Directors (Proposal No. 1) and FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the Company's fiscal year ended December 31, 2006 (Proposal No. 2) and in the discretion of the proxy holders as to any other matters that may properly come before the Annual Meeting. You may revoke or change your proxy vote at any time before the Annual Meeting by sending a written notice of revocation or submitting another proxy with a later date to the Inspector of Elections of the Company at the Company's principal executive offices before the beginning of the Annual Meeting. You may also revoke your proxy vote by attending the Annual Meeting and voting in person.

If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares over the Internet or by telephone rather than by mailing a completed voting instruction card provided by the bank or brokerage firm. Please check the voting instructions card provided by your bank or brokerage house for available and instructions. If Internet or telephone voting is unavailable from your bank or brokerage house, please complete and return the enclosed voting instruction card in the self-addressed postage paid envelope provided.

**Solicitation**

Sangamo will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and any additional solicitation materials furnished to the stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, Sangamo may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, facsimile or other means by directors, officers or employees of the Sangamo. No additional compensation will be paid to these individuals for any such services.

**Deadline for Receipt of Stockholder Proposals**

Proposals of stockholders of Sangamo that are intended to be presented by such stockholders at Sangamo's Annual Meeting in 2007 must be received no later than January 2, 2007, in order that they may be included in the Proxy statement and form of Proxy relating to that meeting. In addition, the Proxy solicited by the Board of Directors for the Annual Meeting in 2007 will confer discretionary authority to vote on any stockholder proposal presented at that meeting, unless Sangamo receives notice of such proposal not later than February 1, 2007.

**MATTERS TO BE CONSIDERED AT ANNUAL MEETING**

**PROPOSAL ONE:**

**ELECTION OF DIRECTORS**

**General**

At the Annual Meeting, seven directors are to be elected to serve until the next Annual Meeting of Stockholders and until a successor for such director is elected and qualified, or until the death, resignation or removal of such director. Six of the nominees are current Board Members. Mr. H. Ward Wolff is the seventh person nominated. Mr. Wolff was recommended by a non-management director.



The seven director nominees receiving the highest number of affirmative votes will be elected. The nominees for election have agreed to serve if elected, and management has no reason to believe that such nominees will be unavailable to serve. In the event the nominees are unable or decline to serve as directors at the time of the Annual Meeting, the proxies will be voted for any nominee who may be designated by the present Board of Directors to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

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**Nominees for Term Ending Upon the Annual Meeting of Stockholders in 2007**

*Edward O. Lanphier II*, age 49, is the founder of Sangamo, has served as President, Chief Executive Officer and as a member of the Board of Directors since Sangamo's inception. Mr. Lanphier has approximately twenty-five years of experience in the pharmaceutical and biotechnology industry. From June 1992 to May 1997, he held various positions at Somatix Therapy Corporation, a gene therapy company, including Executive Vice President, Commercial Development and Chief Financial Officer. Prior to Somatix, Mr. Lanphier was President and Chief Executive Officer of BioGrowth, Inc., a biotechnology company that merged with Celtrix Laboratories to form Celtrix Pharmaceuticals, Inc. in 1991. From 1986 to 1987, Mr. Lanphier served as Vice President of Corporate Development at Biotherapeutics, Inc. From 1984 to 1986 he served as Vice President of Corporate Development at Synergen Inc. Prior to Synergen, he was employed by Eli Lilly and Company, a pharmaceutical company, in the strategic business planning biotechnology group. Mr. Lanphier is a member of the Biotechnology Industry Organization (BIO) Emerging Companies Section and serves on the board of directors of the Biotechnology Institute. Mr. Lanphier holds a B.A. in biochemistry from Knox College.

*William G. Gerber, M.D.*, age 59, has served as a member of our Board of Directors since June 1997. Dr. Gerber is currently a partner at Bay City Capital, a life sciences venture capital fund. From September 1999 until its merger into Nanogen, Inc. in December 2004, Dr. Gerber was President, Chief Executive Officer and a Director of Epoch Biosciences, Inc., a biomedical company. From April 1998 to July 1999, he was President of diaDexus LLC, a pharmacogenomics company. Previous to his appointment at diaDexus, he was Chief Operating Officer of Onyx Pharmaceuticals. Before joining Onyx in 1995, Dr. Gerber was with Chiron Corporation, a biopharmaceutical, vaccine and blood testing company, where he was President of the Chiron Diagnostics business unit after Chiron's merger with Cetus Corporation in December 1991. He joined Cetus in 1987 as Senior Director of Corporate Ventures and was named Vice President and General Manager of the PCR (Polymerase Chain Reaction) Division in November 1988. Dr. Gerber is Chairman of the Board of Pathway Diagnostics, a private company, and on the board of directors of Nanogen, Inc., Radiant Medical, Inc. and Galileo Pharmaceuticals, Inc. Dr. Gerber earned his B.S. and M.D. degrees from the University of California, San Francisco School of Medicine.

*John W. Larson*, age 70, has served as a member of our Board of Directors since January 1996. Mr. Larson is currently a partner at the law firm of Morgan, Lewis & Bockius LLP. Mr. Larson served as partner at the law firm of Brobeck, Phleger & Harrison LLP (Brobeck) from 1969 until retiring in January 2003, except for the period from July 1971 to September 1973 when he was in government service as Assistant Secretary of the United States Department of the Interior and Counselor to George P. Shultz, Chairman of the Cost of Living Council. From 1988 until March 1996, Mr. Larson was Chief Executive Officer of Brobeck. Mr. Larson serves on the boards of WageWorks, Inc. and MBA Polymers, Inc. Mr. Larson holds an L.L.B. and a B.A., with distinction, in economics, from Stanford University.

*Margaret A. Liu, M.D.*, age 49, has served as a member of our Board of Directors since March 2005. Dr. Liu is currently a Visiting Professor at the Karolinska Institute in Stockholm and, until June 2006, will serve as Vice-Chairman of the Board of Transgène in Strasbourg. From 2000 to 2002 Dr. Liu was the Senior Advisor in Vaccinology for the Bill and Melinda Gates Foundation. From 1997 to 1998 she was Vice President of Vaccines Research and from 1998-2000 Vice President of Vaccines and Gene Therapy at Chiron Corporation. She joined Merck Research Laboratories in 1988 and in 1994 became Senior Director in the Department of Virus and Cell Biology. Dr. Liu serves on the editorial or advisory boards of various scientific journals and has been elected a member of the American Society for Clinical Investigation and a Fellow of the Molecular Medicine Society. In 2002, Discover magazine named her one of "The 50 Most Important Women Scientists". Dr. Liu earned her B.A. in Chemistry, Summa Cum Laude, from Colorado College and an M.D. from Harvard Medical School. In 2002, she was awarded an honorary Doctorate of Science from Colorado College and has received numerous honorary lectureships.

*Steven J. Mento, Ph.D.*, age 54, has served as a member of our Board of Directors since May 2005. He is President and Chief Executive Officer of Conatus Pharmaceuticals Inc. From 1997 to 2005 he was President and CEO of Idun Pharmaceuticals and prior to that, from 1982 to 1992, Dr. Mento held various positions at American Cyanamid Company. His last position was Director of Viral Vaccine Research and Development at Lederle-Praxis Biologicals, a business unit of American Cyanamid Company. In January of 1992, he joined Viagene, Inc. as Vice

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President of Research and Development. Dr. Mento was responsible for directing the company's transition from basic research through initiation of the first company sponsored Phase I and Phase II clinical trials in the emerging field of gene therapy. In October of 1995, Chiron Corporation acquired Viagene, Inc., and renamed the company Chiron Viagene, Inc. Dr. Mento served as President of Chiron Viagene, Inc. and Vice President of Chiron Corporation until August of 1997. As President, Dr. Mento had overall responsibility for gene therapy research, product development, QA/ QC, GMP manufacturing as well as general administration functions at Chiron Viagene. Dr. Mento holds Bachelor of Arts, Master of Science, and Ph.D. degrees in microbiology from Rutgers University. He did his post-doctoral fellowship in somatic cell genetics at the University of Toronto. Dr. Mento currently serves on the Boards of BIOCOM, BIO ECS Governing Body, Grannus BioSciences, UCSD-Division of Biological Sciences Board of Advisors, SDSU BioScience Center Scientific Advisory Board, Cal State San Marcos Advisory Council, and UCSD Bannister Family House.

*H. Ward Wolff*, age 57, is a new director nominee, having no previous relationship with Sangamo. Mr. Wolff served as Chief Financial Officer and Senior Vice President, Finance, of Abgenix, Inc. from September 2004 to the date in April 2006 when the merger of Abgenix and Amgen Inc. was consummated. From July 2002 to December 2003, Mr. Wolff served as Chief Financial Officer of QuantumShift. From 1998 to January 2002, he was Senior Vice President and Chief Financial Officer of DoubleTwist, Inc. From 1992 to 1998, he was Senior Vice President of Finance and Administration and Chief Financial Officer of Premenos Technology Corporation. From 1985 to 1992, Mr. Wolff was an Executive Director of Russell Reynolds Associates, Inc. From 1974 to 1985, Mr. Wolff held numerous positions with Price Waterhouse, as a certified public accountant, including Senior Audit Manager. Mr. Wolff received a B.A. degree in Economics from the University of California at Berkeley and an M.B.A. degree from Harvard Business School.

*Michael C. Wood*, age 53, has served as a member of our Board of Directors since our inception. Mr. Wood was founder, CEO and President of LeapFrog Enterprises, Inc., an educational company from January 1995 through March 2004. Mr. Wood has 15 years of experience in the corporate legal representation of high technology firms and venture capital partnerships. From 1991 through 1994, he was a partner of the emerging technology companies group at Cooley Godward LLP. From 1979 to 1991, Mr. Wood practiced corporate law in the high technology practice of Crosby, Heafey, Roach & May. Mr. Wood received a J.D. from the Hastings College of Law, an M.B.A. from the University of California, Berkeley and his B.A. in political science from Stanford University.

## **Other Current Director**

*Jon E. M. Jacoby*, age 66, has served as a member of our Board of Directors since April 2000. Until his retirement on October 1, 2003, Mr. Jacoby had been employed by Stephens Inc. and Stephens Group, Inc., collectively engaged in investment banking and other business activities, since 1963. He remains a director of Stephens Group, Inc. He is also a director of Delta and Pine Land Company, Power-One, Inc., Conn's Inc. and Eden Bioscience. He serves on the boards of several privately held companies. He received his B.S. degree in geology from the University of Notre Dame and his M.B.A. from Harvard Business School.

## **Board Independence**

The Board of Directors has determined that each of its current and nominated directors, except the Chief Executive Officer, is independent within the meaning of the NASDAQ Stock Market, Inc. director independence standards.

## **Board Committees and Meetings**

The Board of Directors held four meetings during the fiscal year ended December 31, 2005 (the 2005 Fiscal Year). The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate

Governance Committee and has adopted a written charter for each of these committees. Each director attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board on which such director served during the 2005 Fiscal Year.

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### **Audit Committee**

The Audit Committee currently consists of three directors: Mr. Jacoby, Dr. Mento and Mr. Wood, each of whom is independent within the meaning of the NASDAQ Stock Market, Inc. director independence standards and SEC rules. Dr. Gerber served on the Audit Committee in 2005 and retired from the committee in June 2005. Dr. Mento was appointed to the Audit Committee in June 2005. The Board of Directors has determined that Mr. Jacoby is an audit committee financial expert as defined in SEC rules. The Audit Committee held four meetings during the 2005 Fiscal Year.

The Audit Committee assists the Board of Directors in its oversight of the integrity of the Company's financial statements, the risk management and internal controls of the Company and the Company's compliance with legal and regulatory requirements. The Audit Committee interacts directly with and evaluates the performance of the independent auditors, including determining whether to engage or dismiss the independent auditors and to monitor the independent auditors' qualifications and independence. The Audit Committee also pre-approves all audit services and permissible non-audit services provided by the independent auditors.

The Audit Committee Report is included herein on page 18.

### **Compensation Committee**

The Compensation Committee currently consists of three directors: Dr. Gerber, Dr. Liu and Mr. Larson, each of whom is independent within the meaning of the NASDAQ Stock Market Inc. director independence standards. The Compensation Committee reviews and approves the compensation and benefits for our executive officers, makes recommendations to the Board of Directors regarding such matters and performs other duties as may from time to time be determined by the Board. A subcommittee of the Compensation Committee, consisting of Dr. Gerber and Dr. Liu, administers the Company's stock plans and makes all grants and awards thereunder. The Compensation Committee held three meetings during the 2005 Fiscal Year.

The Compensation Committee Report is included herein on page 16.

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

The members of the Compensation Committee of the Board of Directors are Dr. Gerber, Dr. Liu and Mr. Larson. None of our Compensation Committee members has been an officer or employee of Sangamo at any time. Mr. Larson is a partner at Morgan, Lewis & Bockius LLP, our legal counsel. None of our executive officers serves on the Board of Directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or our Compensation Committee.

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

The Nominating and Corporate Governance Committee consists of Dr. Gerber and Messrs. Larson and Wood, each of whom is independent within the meaning of the NASDAQ Stock Market, Inc. director independence standards.

The Nominating and Corporate Governance Committee considers and periodically reports on matters relating to the size, identification, selection and qualification of the Board of Directors and candidates nominated for the Board of Directors and its committees; and develops and recommends governance principles applicable to us. The Nominating and Corporate Governance Committee was established in March 2004. The Charter of the Nominating and Corporate Governance Committee is not available on our website, but was attached to our proxy statement filed with the SEC on April 29, 2004.

The Nominating and Corporate Governance Committee considers properly submitted stockholder recommendations for candidates for membership on the Board of Directors as described below under Identification and Evaluation of Nominees for Directors. In evaluating such recommendations, the Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board of Directors and to address the membership criteria set forth under Director Qualifications. Stockholder nominees will receive the same consideration that nominees of the Board receive. Any stockholder recommendations

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proposed for consideration by the Nominating and Corporate Governance Committee should include the candidate's name and qualifications for membership on the Board of Directors and should be addressed to:

Investor Relations  
Sangamo BioSciences, Inc.  
501 Canal Blvd., Suite A100  
Richmond, CA 94804

## **Director Qualifications**

The Nominating and Corporate Governance Committee will use a variety of criteria to evaluate the qualifications and skills necessary for members of our Board of Directors. The Nominating and Corporate Governance Committee may assess character, judgment, business acumen and scientific expertise, and familiarity with issues affecting the biotechnology and pharmaceutical industries. Other qualifications will be determined on a case-by-case basis, depending on whether the Nominating and Corporate Governance Committee desires to fill a vacant seat or increase the size of the Board to add new directors. In addition, the Nominating and Corporate Governance Committee may also evaluate whether a potential director nominee's skills are complementary to existing Board members' skills or meet the Board's need for operations, management, commercial, financial, or other expertise.

## **Identification and Evaluation of Nominees for Directors**

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating and Corporate Governance Committee assesses the appropriate size of the Board of Directors, and whether any vacancies on the Board of Directors are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current members of the Board of Directors, professional search firms, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee, and may be considered at any point during the year. The Nominating and Corporate Governance Committee considers properly submitted stockholder recommendations for candidates for the Board of Directors. In evaluating such recommendations, the Nominating and Corporate Governance Committee uses the qualifications standards discussed above and seeks to achieve a balance of knowledge, experience and capability on the Board of Directors.

## **Annual Meeting Attendance**

Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meetings of stockholders, directors are encouraged to attend annual meetings of our stockholders. Two directors attended the 2005 annual meeting of stockholders.

## **Communications with the Board of Directors**

Although we do not have a formal policy regarding communications with the Board of Directors, stockholders may communicate with the Board of Directors, including the non-management directors, by sending a letter to the Sangamo Board of Directors, c/o Investor Relations, 501 Canal Boulevard, Suite A100, Richmond, California 94804. Stockholders who would like their submission directed to a particular member of the Board of Directors may so specify.

## **Code of Ethics**



The Board of Directors has adopted a Code of Business Conduct and Ethics, which is applicable to all employees and directors of the Company. We will provide a copy of the Code of Ethics upon request made in writing to Sangamo BioSciences, Inc., Attention: Investor Relations, 501 Canal Boulevard, Suite A100, Richmond, California 94804. In the event that we make any amendments to or grant any waivers of, a provision of the Code of Ethics that applies to the principal executive officer, principal financial officer, or principal accounting officer that

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requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor, on our website at [www.sangamo.com](http://www.sangamo.com), on the Investor Relations page.

## **Director Compensation**

We provide cash meeting and retainer fees to our non-employee members of the Board but our directors who are also Sangamo employees do not receive additional compensation for serving as a member of the Board. In addition, we reimburse our Board members for expenses incurred in connection with their attendance at meetings and other customary expenses.

Under the Automatic Option Grant Program in effect under the Sangamo 2004 Stock Incentive Plan (the 2004 Plan ), each new non-employee Board member will receive, at the time of his or her initial election or appointment to the Board, an option to purchase 50,000 shares of Common Stock, provided such person has not previously been in Sangamo's employ. In addition, on the date of each annual stockholders' meeting, each individual who has served as a director for the previous six months and who is to continue to serve as a non-employee Board member, whether or not such individual is standing for re-election at that particular Annual Meeting, will be granted an option to purchase 10,000 shares of Common Stock. Each option granted under the Automatic Option Grant Program will have an exercise price per share equal to the fair market value per share of the Common Stock on the grant date and will have a maximum term of 10 years, subject to earlier termination following the optionee's cessation of Board service. Each option is immediately exercisable for all the option shares, but any shares purchased under the option will be subject to repurchase by Sangamo, at the exercise price paid per share, upon the optionee's cessation of Board service prior to vesting in those shares. The shares subject to each automatic option grant vest in monthly installments upon completion of each month of Board service over a designated period. For the initial grant, the designated period is three years, and it is one year in the case of an annual grant. However, the shares subject to each automatic option grant will immediately vest upon (i) the optionee's death or permanent disability while a Board member, (ii) an acquisition of Sangamo by merger or asset sale, (iii) the successful completion of a tender offer for more than 50% of Sangamo's outstanding voting stock or (iv) a change in the majority of the Board effected through one or more proxy contests for Board membership.

Pursuant to the Automatic Option Grant Program under the 2004 Plan, Dr. Gerber, Mr. Jacoby, Mr. Larson, Dr. Liu, Dr. Mento and Mr. Wood each received an option to purchase 10,000 shares of Common Stock with an exercise price per share of \$4.00 at the 2005 Annual Meeting. In addition, all non-employee members of the Board elected at our 2006 Annual Meeting will receive an option to purchase 10,000 shares of Common Stock with an exercise price equal to the fair market value on the date of the 2006 Annual Meeting. Mr. Wolff will also receive an option to purchase 50,000 shares with an exercise price equal to the fair market value on the date of his appointment to the Board, which is expected in April 2006.

## **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the election of the nominees listed above.**

## **PROPOSAL TWO:**

### **RATIFICATION OF INDEPENDENT AUDITORS**

The Board of Directors appointed the firm of Ernst & Young LLP, independent public auditors for Sangamo during the 2005 fiscal year, to serve in the same capacity for the year ending December 31, 2006, and is asking the stockholders to ratify this appointment. The decision of the Board of Directors to appoint Ernst & Young LLP was based on the recommendation of the Audit Committee. The affirmative vote of a majority of the shares represented

and entitled to vote at the Annual Meeting is required to ratify the selection of Ernst & Young LLP.

In the event the stockholders fail to ratify the appointment, the Board of Directors will reconsider its selection. Even if the selection is ratified, the Board of Directors in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Board of Directors believes that such a change would be in the best interests of Sangamo and its stockholders.

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A representative of Ernst & Young LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

### **Independent Public Accountants**

#### ***Audit Fees***

The aggregate fees billed in connection with the audit by Ernst & Young LLP of Sangamo's 2005 and 2004 annual financial statements, the review of financial statements in Sangamo's Forms 10-Q filed in 2005 and 2004 and consultations on matters addressed during our audit and review work during 2005 and 2004 amounted to \$403,000 and \$427,750, respectively.

#### ***Audit Related Fees***

The aggregate fees billed in connection with audit related fees for 2005 were \$75,309. These fees related to services performed in connection with the completion of Sangamo's registered direct offering and other related services. There were no fees billed for audit related expenses.

#### ***Tax Fees***

The aggregate fees billed in connection with tax compliance, tax advice and tax planning services performed by Ernst & Young, LLP during 2005 and 2004 were \$8,500 and \$6,900, respectively.

#### ***All Other Fees***

Other than the above-noted professional services performed by Ernst & Young, LLP, there were no additional fees billed for services rendered during 2005 and 2004.

#### ***Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services***

Under its charter, the Audit Committee must pre-approve all engagements of the independent auditors for the performance of all audit and non-audit services that are not prohibited and the fees for such services. The Audit Committee has delegated to its Chairman the authority to evaluate and approve service engagements on behalf of the full committee in the event a need arises for specific pre-approval between committee meetings. If the Chairman approves any such engagements, he will report that approval to the full Audit Committee not later than the next committee meeting.

The Audit Committee has determined that the rendering of other professional services for tax compliance and tax advice by Ernst & Young, LLP is compatible with maintaining their independence. The Audit Committee has established a policy governing our use of Ernst & Young, LLP for non-audit services. Under the policy, management may use Ernst & Young, LLP for non-audit services that are permitted under SEC rules and regulations, provided that management obtain the Audit Committee's approval before such services are rendered.

### **Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the ratification of the selection of Ernst & Young LLP to serve as Sangamo's independent auditors for the fiscal year ending December 31, 2006.**

**OTHER MATTERS**

Sangamo knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the shares they represent as the Board of Directors may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed Proxy.

**Table of Contents****MANAGEMENT****Executive Officers**

The following table sets forth information regarding our executive officers and directors as of March 15, 2006:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Edward O. Lanphier II	49	President, Chief Executive Officer and Director
Dale G. Ando, M.D.	51	Vice President, Therapeutic Development and Chief Medical Officer
Philip D. Gregory, D. Phil	35	Vice President, Research
David G. Ichikawa	53	Senior Vice President, Business Development
Gregory S. Zante	35	Senior Director, Finance and Administration (Principal Financial and Accounting Officer)

*Edward O. Lanphier II*, the founder of Sangamo BioSciences, Inc., has served as President, Chief Executive Officer and as a member of the Board of Directors since Sangamo's inception. Mr. Lanphier has approximately twenty-five years of experience in the pharmaceutical and biotechnology industry. From June 1992 to May 1997, he held various positions at Somatix Therapy Corporation, a gene therapy company, including Executive Vice President, Commercial Development and Chief Financial Officer. Prior to Somatix, Mr. Lanphier was President and Chief Executive Officer of BioGrowth, Inc., a biotechnology company that merged with Celtrix Laboratories to form Celtrix Pharmaceuticals, Inc. in 1991. From 1986 to 1987, Mr. Lanphier served as Vice President of Corporate Development at Biotherapeutics, Inc. From 1984 to 1986 he served as Vice President of Corporate Development at Synergen Inc. Prior to Synergen, he was employed by Eli Lilly and Company, a pharmaceutical company, in the strategic business planning biotechnology group. Mr. Lanphier is a member of the Biotechnology Industry Organization (BIO) Emerging Companies Section and serves on the board of directors of the Biotechnology Institute. Mr. Lanphier holds a B.A. in biochemistry from Knox College.

*Dale G. Ando, M.D.* has served as Vice President, Therapeutic Development and Chief Medical Officer since August 2004. Dr. Ando has held senior positions in therapeutic product development in several biotechnology companies most recently as Vice President, Clinical Research at Cell Genesys, Inc. While at Cell Genesys, Dr. Ando directed the development of Phase I-III GVAX programs, oncolytic virus programs and Phase I/ II trials of chimaeric T-cell receptor products in HIV and cancer. Prior to joining Cell Genesys in 1997, Dr. Ando spent six years at Chiron Corporation as director of clinical gene therapy and three years at Cetus Corporation. From 1997 to 2001 Dr. Ando served as a member of the Recombinant DNA Advisory Committee (RAC) and the Adenoviral Safety Committee for the National Institutes of Health (NIH). Dr. Ando began his career as a faculty member at UCLA Medical School in the Division of Rheumatology. He received his M.D. and Internal Medicine training at the University of Michigan and a B.S. in Chemistry from Stanford University. Dr. Ando is board certified in internal medicine and is a subspecialist in Rheumatology.

*David G. Ichikawa* has served as Senior Vice President, Business Development since December 2004. Prior to joining Sangamo, Mr. Ichikawa was most recently Chief Business Officer for Sagres Discovery, where he was responsible for corporate strategy and business development activities. While at Sagres he negotiated a major collaboration with Boehringer Ingelheim, the strategic acquisition of MemRx Corporation and played a critical role in the acquisition of Sagres by Chiron Corporation. Prior to Sagres Discovery, David held several positions with Chiron Corporation including Vice President, R&D Business Development and Finance. Mr. Ichikawa earned his M.B.A. degree from the

University of California at Berkeley and a B.S. degree from the University of California at Davis.

*Philip D. Gregory, D. Phil.* has served as Vice President, Research since October 2005. He joined Sangamo in December 2000 as a Scientist, became a Team Leader in October 2001 and Senior Director, Research in July 2003. Prior to joining the company, Dr. Gregory was at the University of Munich, Germany, where he studied the role of chromatin structure in gene regulation and published extensively in this field. Dr. Gregory earned a D. Phil. In Biochemistry from the University of Oxford and holds a B.Sc. in microbiology from the University of Sheffield.

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*Gregory S. Zante, CPA* has served as Senior Director, Finance and Administration since August 2003. Prior to joining Sangamo, Mr. Zante was Director, Finance and Administration of Calyx Therapeutics, Inc. a privately held pharmaceutical discovery and development company, from December 2001. From October 1993 until December 2001, Mr. Zante held senior financial managerial positions in several companies including Matrix Pharmaceuticals, Inc. He was employed by Ernst & Young LLP as a Senior Staff Accountant from October 1993 until November 1995. Mr. Zante holds a B.A. in business economics and managerial accounting from the University of California, Los Angeles, is a Certified Public Accountant in the state of California and is a member of the American Institute of Certified Public Accountants.

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

The following table sets forth certain information known to Sangamo with respect to the beneficial ownership of Common Stock as of March 15, 2006, by (i) all persons who are beneficial owners of five percent (5%) or more of Sangamo's Common Stock based on 30,628,196 shares outstanding as of March 15, 2006, (ii) each director and each nominee for director, (iii) the executive officers named in the Summary Compensation Table of the Executive Compensation of this Proxy Statement and (iv) all current directors and executive officers as a group. Unless otherwise indicated, the principal address of each of the stockholders below is c/o Sangamo BioSciences, Inc., 501 Canal Boulevard, Suite A100, Richmond, CA 94804. Except as otherwise indicated, and subject to applicable community property laws, except to the extent authority is shared by both spouses under applicable law, we believe the persons named in the table have sole voting and investment power with respect to all shares of Common Stock held by them.

<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Shares Beneficially Owned</b>
Kopp Investment Advisors, LLC(1) 7701 France Avenue South, Suite 500 Edina, MN 55435	3,613,095	11.8%
Messrs. Austin W. Marxe and David M. Greenhouse(2) 527 Madison Avenue, Suite 2600 New York, NY 10022	1,751,700	5.7%
Edward O. Lanphier II(3)	3,257,824	10.5%
William G. Gerber, M.D.(4)	148,566	*
Jon E.M. Jacoby(5)	189,167	*
John W. Larson(6)	400,526	1.3%
Margaret A. Liu, M.D.(7)	19,444	*
Steven J. Mento, Ph.D.(8)	15,278	*
H. Ward Wolff	1,000	*
Michael C. Wood(9)	1,315,666	4.3%
Dale G. Ando, M.D.(10)	95,831	*
Philip D. Gregory, D. Phil.(11)	92,248	*
David G. Ichikawa(12)	49,999	*
Gregory S. Zante(13)	26,666	*
All current directors and executive officers as a group (11 persons)(14)	5,611,215	17.7%



\* Less than one percent.

- (1) According to a Schedule 13G/A filed on January 27, 2006, Kopp Investment Advisors, LLC had shared dispositive power over 2,613,095 shares, sole dispositive power over 1,000,000 shares, sole voting power over 3,315,845 shares and aggregate beneficial ownership over 3,613,095 shares. Kopp Investment Advisors, LLC is a wholly-owned subsidiary of Kopp Holding Company LLC, which reported aggregate beneficial ownership of 3,613,095, and Kopp Holding Company reported aggregate beneficial ownership of

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3,754,095 shares. The filing also stated that Kopp Holding Company LLC is controlled by Leroy C. Kopp through Kopp Holding Company. Mr. Kopp also reported sole voting and dispositive power over 756,000 shares in addition to the shares that may be deemed beneficially owned by Kopp Investment Advisors, LLC. for an aggregate of 4,369,095 shares.

- (2) According to a Schedule 13G filed on February 14, 2006, Messrs. Marxe and Greenhouse beneficially owned a total of 1,751,700 shares, which includes shares owned by certain other entities affiliated with Messrs. Marxe and Greenhouse.
- (3) Includes 483,332 shares of Common Stock issuable upon exercise of options within 60 days of March 15, 2006. Also includes 400,000 shares held by Mr. Lanphier's children and 2,374,492 shares held in trust.
- (4) Includes 49,166 shares of Common Stock issuable upon exercise of options held by Dr. Gerber within 60 days of March 15, 2006 and 99,400 shares held in trust.
- (5) Includes 99,166 shares of Common Stock issuable upon exercise of options held by Mr. Jacoby within 60 days of March 15, 2006, and 79,168 shares held jointly with Mr. Jacoby's spouse and 10,500 shares held indirectly by a corporate entity that may be deemed to be beneficially owned by Mr. Jacoby.
- (6) Includes 49,166 shares of Common Stock issuable upon exercise of options held by Mr. Larson within 60 days of March 15, 2006, and 144,460 shares of Common Stock held indirectly in a 401(k) plan for the benefit of Mr. Larson.
- (7) Includes 19,444 shares of Common Stock issuable upon exercise of options held by Dr. Liu within 60 days of March 15, 2006.
- (8) Includes 15,278 shares of Common Stock issuable upon exercise of options held by Dr. Mento within 60 days of March 15, 2006.
- (9) Includes 49,166 shares of Common Stock issuable upon exercise of options held by Mr. Wood within 60 days of March 15, 2006.
- (10) Includes 95,831 shares of Common Stock issuable upon exercise of options held by Dr. Ando within 60 days of March 15, 2006.
- (11) Includes 84,248 shares of Common Stock issuable upon exercise of options held by Dr. Gregory within 60 days of March 15, 2006.
- (12) Consists of 49,999 shares of Common Stock issuable upon exercise of options held by Mr. Ichikawa within 60 days of March 15, 2006.
- (13) Consists of 26,666 shares of Common Stock issuable upon exercise of options held by Mr. Zante within 60 days of March 15, 2006.
- (14) Includes 1,021,462 shares of Common Stock issuable upon exercise of options held by current Officers and Directors within 60 days of March 15, 2006.

**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION****Summary of Cash and Certain Other Compensation**

The following table provides certain summary information concerning the compensation earned for services rendered in all capacities to Sangamo for the fiscal years ended December 31, 2005, 2004 and 2003 by Sangamo's Chief Executive Officer and Sangamo's four other executive officers whose salary and bonus for the 2005 Fiscal Year were in excess of \$100,000 and who were serving as executive officers at the end of the 2005 Fiscal Year. No other executive officers that would have otherwise been includable in such table on the basis of salary and bonus earned for the 2005 Fiscal Year have been excluded by reason of their termination of employment or change in executive status during that year. The listed individuals shall be hereinafter referred to as the "Named Officers". No Long-term Compensation Awards were awarded to the Named Officers in the fiscal years ended December 31, 2005, 2004 and 2003.

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Annual Compensation</b>		<b>Securities Underlying Options</b>
		<b>Salary \$</b>	<b>Bonus \$</b>	
Edward O. Lanphier II President and Chief Executive Officer	2005	418,000	230,000	150,000
	2004	394,000	170,000	200,000
	2003	375,000	150,000	
Dale G. Ando, M.D. Vice President, Therapeutic Development and Chief Medical Officer	2005	315,000	90,000	50,000
	2004	125,000	60,000	225,000
	2003			
Philip D. Gregory, Ph.D. Vice President, Research	2005	160,000	70,000	50,000
	2004	130,000	25,000	