

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

SANGAMO BIOSCIENCES ANNOUNCES SMALL MOLECULE SCREENING COLLABORATION WITH PHARMACIA

Richmond, California – July 17, 2001 – Sangamo BioSciences, Inc. (Nasdaq: SGMO) today announced an agreement with Pharmacia Corporation (NYSE: PHA) to develop novel cell lines for small molecule screening. Under the terms of the agreement, Sangamo scientists will engineer a cell line to overproduce a specific protein of therapeutic importance. The engineered cell line will then be transferred to Pharmacia for use in their drug discovery screening program. The agreement includes an upfront payment, research funding, product development milestones, and royalties on product sales. Financial terms of the agreement were not disclosed.

“This agreement demonstrates the potential of our zinc finger DNA-binding protein transcription factor (ZFP TF) technology to be integrated into multiple aspects of the drug discovery process,” said Edward Lanphier, Sangamo’s president and chief executive officer. “We have signed over 20 agreements with pharmaceutical and biotechnology companies to assist their scientists in determining gene function and validating gene targets. This is our second small molecule screening collaboration, which has the advantage of allowing scientists to overexpress a particular protein without using its cloned DNA.”

In most organisms, including humans, regulation of gene expression is controlled by transcription factors. A transcription factor regulates gene expression by recognizing and binding to a specific DNA sequence associated with a particular gene and causing that gene to be activated or repressed. Sangamo’s ZFP TFs are engineered transcription factors designed to help researchers understand the role of individual genes in various diseases.

Small molecule screening is a methodology used by the pharmaceutical industry to examine chemical compounds quickly and efficiently in order to identify viable drug candidates. In this application, a cell line will be engineered using a specific ZFP TF to overproduce a protein that has been implicated in a specific disease. By employing a customized cell line that induces the gene of interest to overexpress the protein target, pharmaceutical researchers should be able to more quickly assess and quantify the impact of various chemical compounds on that target.

About Sangamo

Sangamo is focused on the research and development of novel transcription factors for the regulation of gene expression. Sangamo’s Universal Gene Recognition™ technology enables the engineering of a particular class of transcription factors known as zinc finger DNA-binding proteins, or ZFP TFs. By engineering ZFP TFs so that they can recognize a specific gene, Sangamo has created ZFP TFs that can control gene expression and, consequently, cell function. The company intends to establish Universal Gene Recognition as a widely used technology for commercial applications in pharmaceutical discovery, human therapeutics, clinical diagnostics, agriculture and industrial biotechnology. Over twenty leading pharmaceutical and biotechnology companies have utilized ZFP TFs. In addition, Sangamo is developing novel ZFP TF-based therapeutics for the treatment of cardiovascular disease. For more information about Sangamo, visit the company’s web site at www.sangamo.com.

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This press release may contain forward-looking statements based on Sangamo's current expectations. Forward-looking statements in this release include, without limitation, references to the development of customized cell lines for small molecule screening and ZFP TF technology. Actual results may differ materially due to a number of factors, including numerous technological, operational, and financial challenges associated with the regulation of genes and the development of customized cell lines for small molecule screening. These factors, as well as other factors that could cause actual results to differ materially, are discussed in more detail in Sangamo's Annual Report on Form 10-K and its most recent quarterly report on Form 10-Q filed with the Securities and Exchange Commission. Sangamo assumes no obligation to update the forward-looking information contained in this press release.

Contact: Julie Wood
510-970-6000, x256

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