

## **SANGAMO BIOSCIENCES REPORTS SECOND-QUARTER FINANCIAL RESULTS**

**Richmond, California** – July 19, 2001 – Sangamo BioSciences, Inc. (Nasdaq: SGMO) today reported financial results for the second quarter ended June 30, 2001. The core net loss, which excludes non-cash charges, was \$1.7 million, or \$0.08 per share. In the comparable quarter of 2000, Sangamo reported a core net loss of \$599,000, or \$0.03 per share. Non-cash charges were \$699,000 in the second quarter of 2001 as compared to non-cash charges of \$1.1 million in the second quarter of 2000. Including the non-cash charges, the net loss was \$2.4 million, or \$0.11 per share, in the second quarter of 2001 as compared to a net loss of \$1.7 million, or \$0.08 per share, in the same period last year.

Revenues for the second quarter of 2001 increased 80 percent to \$1.3 million as compared to second quarter 2000 revenues of \$747,000. The principal components of second quarter 2001 revenues were Universal GeneTools™ revenues and revenues from Sangamo's partnerships in the areas of human therapeutics and plant agriculture.

Excluding the non-cash charges, total second quarter 2001 expenses were \$3.9 million as compared to \$2.3 million in the prior year period. The increase in expenses was primarily due to greater research and development activity. Research and development expenses were \$3.0 million for the three months ended June 30, 2001 as compared to \$1.7 million for the second quarter of 2000. General and administrative expenses were \$854,000 for the second quarter of 2001 as compared to \$595,000 for the same period last year.

Non-cash expenses in the second quarter of 2001 totaled \$699,000, as compared to \$1.1 million during the same quarter of 2000. Non-cash expenses in both periods were due to stock-based deferred compensation charges.

Net interest income for the second quarter of 2001 was \$841,000 as compared to \$987,000 in the comparable period last year. At June 30, 2001, the company had cash, cash equivalents, and investments of \$60.6 million. Total shares outstanding at June 30, 2001 were 22.3 million. In subsequent periods, the balance sheet will reflect the 2.1 million incremental shares and \$5 million and other assets resulting from Sangamo's acquisition of Gendaq Ltd., which was completed in July 2001.

### **Second-Quarter 2001 Highlights**

Highlights of the second quarter included:

- Sangamo announced a definitive agreement to purchase all of the outstanding stock of Gendaq Ltd. Gendaq was a privately held company located in London, England focused on the regulation of gene expression using engineered zinc finger DNA-binding protein transcription factors (ZFP TFs). This transaction was subsequently closed in July.
- Sangamo reported that its scientists have now regulated over 300 endogenous human genes. The genes represent potential drug targets from 17 diverse functional areas including: G-protein coupled receptors, ion channels, kinases, phosphatases, and nuclear hormone receptors. These are areas of intense pharmaceutical research and believed by many to be important sources of novel drug leads.

- Sangamo's collaborator presented data demonstrating that Sangamo's ZFP-TFs, designed to activate the VEGF gene, induced blood vessel growth, or angiogenesis, in animal models. These initial data support the potential use of ZFP TFs in the treatment of certain cardiovascular and peripheral vascular diseases.
- Sangamo and Onyx Pharmaceuticals, Inc. announced that that the two companies will jointly research and develop novel cancer therapeutics using Sangamo's zinc finger DNA-binding protein transcription factor technology platform and Onyx's selectively replicating adenovirus technology.
- Sangamo and Medarex, Inc. announced the formation of a strategic collaboration to develop fully human antibody therapeutics for certain G protein-coupled receptors, a class of cell surface receptors widely regarded as an important source of novel drug targets. The two companies will work exclusively on fully human antibody products that are jointly developed by the collaboration and will share costs and commercialization rights to such products.
- Sangamo and ZYCOS Inc., a privately held drug development company, announced a collaboration to assess the utility of ZYCOS' gene transfer technology for the delivery of Sangamo's ZFP TF genes *in vivo*. Sangamo will evaluate the effectiveness of ZYCOS' proprietary gene expression system and biopolymer delivery system technologies for delivering its ZFP TFs in several preclinical model systems.

### **Six-Month Results**

For the six-month period ended June 30, 2001 the net loss attributable to common stockholders was \$4.5 million, or \$0.20 per share. Included in the six-month net loss were non-cash charges totaling \$1.5 million; excluding these charges, the core operating loss was \$3.0 million, or \$0.13 per share. Revenues for the first six months of 2001 were \$2.0 million as compared to \$1.6 million in the same period of 2000. Excluding non-cash charges and a deemed dividend upon issuance of convertible preferred stock, total expenses for the six months ended June 30, 2001 and 2000 were \$6.8 million and \$4.0 million respectively.

Sangamo recognizes revenues in accordance with the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 101, which summarizes the SEC's views on applying generally accepted accounting principles to revenue recognition and specifically addresses revenue recognition for upfront non-refundable fees earned in connection with research collaboration agreements. Upfront fees are required to be recognized over the term of the individual contract rather than at the time of receipt.

### **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 transcription factors known as zinc finger DNA-binding proteins, or ZFPs. By engineering ZFPs so that they can recognize a specific gene, Sangamo has created ZFP transcription factors (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-based therapeutics for the treatment of cardiovascular disease. For more information about Sangamo, visit the company's web site at [www.sangamo.com](http://www.sangamo.com).

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*This press release may contain forward-looking statements based on Sangamo's current expectations. These forward-looking statements include, without limitation, references to the research and development of novel therapeutics, ZFP TF technology, and the development of human antibody products. Actual results may differ materially from these forward-looking statements due to a number of factors, including technological challenges, our ability to develop commercially viable products, technological developments by our competitors, and our ability to successfully integrate acquisitions. See the company's SEC filings, and in particular, the risk factors described in the company's Annual Report on Form 10-K and its most recent 10-Q. Sangamo assumes no obligation to update the forward-looking information contained in this press release. Further, Sangamo assumes no obligation to update any guidance given on its upcoming conference call.*

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- Financials Attached -

**SELECTED FINANCIAL INFORMATION**

(In thousands, except per share amounts)

(Unaudited)

**STATEMENT OF OPERATIONS DATA**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2001	2000	2001	2000
Revenues	\$ 1,348	\$ 747	\$ 1,982	\$ 1,554
Operating expenses:				
Research and development	3,050	1,738	5,258	3,081
General and administrative	854	595	1,498	965
Non-cash charges	699	1,126	1,503	3,007
Total operating expenses	4,603	3,459	8,259	7,053
Loss from operations	(3,255)	(2,712)	(6,277)	(5,499)
Net interest income	841	987	1,801	1,057
Net loss	\$ (2,414)	\$ (1,725)	\$ (4,476)	\$ (4,442)
Deemed dividend upon issuance of convertible preferred stock	--	--	--	(1,500)
Net loss attributable to common shareholders	\$ (2,414)	\$ (1,725)	\$ (4,476)	\$ (5,942)
Core operating loss*	\$ (1,715)	\$ (599)	\$ (2,973)	\$ (1,435)
Basic and diluted net loss per common share attributable to common stockholders	\$ (0.11)	\$ (0.08)	\$ (0.20)	\$ (0.43)
Less per share effect of deemed dividend	--	--	--	\$ (0.11)
Adjusted net loss per share	\$ (0.11)	\$ (0.08)	\$ (0.20)	\$ (0.32)
Less per share effect of non-cash charges	\$ (0.03)	\$ (0.05)	\$ (0.07)	\$ (0.22)
Adjusted net loss per share	\$ (0.08)	\$ (0.03)	\$ (0.13)	\$ (0.10)
Shares used in basic and diluted net loss per common share	22,162	20,764	22,120	13,791

\* Excludes other income (loss) charges for stock-based compensation and deemed dividend related to the issuance of convertible preferred stock.

**CONDENSED BALANCE SHEET DATA**

	Jun 30, 2001	Dec 31, 2000
Cash, cash equivalents, and investments	\$ 60,595	\$ 64,681
Total assets	65,500	68,925
Total stockholders' equity	64,370	66,890
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