

SANGAMO BIOSCIENCES REPORTS THIRD-QUARTER FINANCIAL RESULTS

Richmond, California – October 18, 2001 – Sangamo BioSciences, Inc. (Nasdaq: SGMO) today reported financial results for the third quarter ended September 30, 2001. The consolidated core net loss, which excludes non-cash charges, was \$3.4 million, or \$0.14 per share. In the comparable quarter of 2000, Sangamo reported a consolidated core net loss of \$561,000, or \$0.03 per share. Non-cash charges were \$14.1 million in the third quarter of 2001, including a \$13.1 million charge for in-process research and development expense related to the acquisition of Gendaq, Ltd in July 2001, and a \$1.0 million charge related to deferred compensation expenses. Non-cash charges in the third quarter of 2000 related to deferred compensation expenses were \$1.3 million. Including the non-cash charges, the net loss in the third quarter of 2001 was \$17.4 million, or \$0.72 per share, as compared to a net loss of \$1.8 million, or \$0.08 per share, in the same period last year.

Revenues for the third quarter of 2001 were \$739,000 as compared to third quarter 2000 revenues of \$823,000. The principal components of third 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 third quarter 2001 expenses were \$4.9 million as compared to \$2.7 million in the prior year period. The increase in expenses was primarily due to greater research and development activity, including expenses associated with Gendaq. Research and development expenses were \$3.9 million for the three months ended September 30, 2001 as compared to \$1.9 million for the third quarter of 2000. General and administrative expenses were \$987,000 for the third quarter of 2001 as compared to \$775,000 for the same period last year.

Net interest income for the third quarter of 2001 was \$783,000 as compared to \$1.3 million in the comparable period last year. At September 30, 2001, the company had cash, cash equivalents, and investments of \$63.9 million. Total shares outstanding at September 30, 2001 were 24.4 million.

Third-Quarter 2001 Highlights

Highlights of the quarter included:

- Carl Pabo, Ph.D., formerly professor of biophysics and structural biology at the Massachusetts Institute of Technology and investigator at the Howard Hughes Medical Institute, joined the company as senior vice president and chief scientific officer.
- Sangamo entered into a small molecule screening collaboration with Pharmacia Corporation under which Sangamo scientists will engineer a cell line to overproduce a specific protein of therapeutic importance for Pharmacia's drug discovery screening program. The agreement includes an upfront payment, research funding, product development milestones, and royalties on product sales.
- Sangamo and Charles River Laboratories, Inc. entered into a technology partnership agreement to apply Sangamo's novel gene regulation technologies to the creation of "transgenic," or genetically engineered, rat research models. The collaboration initially involves the application of Sangamo's technology to the creation of a novel rat model for use in developing new drugs and therapies for cancer.

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- Sangamo completed the acquisition of Gendaq Ltd., 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).

In addition, Sangamo today announced that it has achieved a significant milestone in its strategic alliance with Edwards Lifesciences Corporation to use gene regulation to treat cardiovascular disease. Sangamo has provided to Edwards a lead ZFP TF therapeutic product candidate that activates the vascular endothelial growth factor (VEGF) gene. This achievement results in a payment to Sangamo of \$1.4 million. (See separate press release issued today for further details.)

Nine-Month Results

For the nine-month period ended September 30, 2001 the net loss attributable to common stockholders was \$21.9 million, or \$0.96 per share. Included in the nine-month net loss were non-cash charges totaling \$15.6 million; excluding these charges, the core operating loss was \$6.3 million, or \$0.28 per share. Revenues for the first nine months of 2001 were \$2.7 million as compared to \$2.4 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 nine months ended September 30, 2001 and 2000 were \$11.6 million and \$6.7 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.

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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(In thousands, except per share amounts)
(Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS DATA

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Revenues	\$ 739	\$ 823	\$ 2,721	\$ 2,377
Operating expenses:				
Research and development	3,892	1,896	9,150	4,977
General and administrative	987	775	2,485	1,741
Non-cash charges	<u>14,050</u>	<u>1,257</u>	<u>15,553</u>	<u>4,264</u>
Total operating expenses	<u>18,929</u>	<u>3,928</u>	<u>27,188</u>	<u>10,982</u>
Loss from operations	(18,190)	(3,105)	(24,467)	(8,605)
Net interest income	<u>783</u>	<u>1,287</u>	<u>2,584</u>	<u>2,344</u>
Net loss	\$ (17,407)	\$ (1,818)	\$ (21,883)	\$ (6,261)
Deemed dividend upon issuance of convertible preferred stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Net loss attributable to common shareholders	\$ (17,407)	\$ (1,818)	\$ (21,883)	\$ (7,761)
Core operating loss*	\$ (3,356)	\$ (561)	\$ (6,329)	\$ (1,997)
Basic and diluted net loss per common share attributable to common stockholders	\$ (0.72)	\$ (0.08)	\$ (0.96)	\$ (0.47)
Less per share effect of deemed dividend	<u>--</u>	<u>--</u>	<u>--</u>	<u>\$ (0.09)</u>
Adjusted net loss per share	\$ (0.72)	\$ (0.08)	\$ (0.96)	\$ (0.38)
Less per share effect of non-cash charges	<u>\$ (0.58)</u>	<u>\$ (0.05)</u>	<u>\$ (0.68)</u>	<u>\$ (0.26)</u>
Adjusted net loss per share	\$ (0.14)	\$ (0.03)	\$ (0.28)	\$ (0.12)
Shares used in basic and diluted net loss per common share	<u>24,320</u>	<u>21,809</u>	<u>22,870</u>	<u>16,452</u>

* Excludes other income (loss) charges for stock-based compensation and acquisition of in-process technologies.

CONDENSED BALANCE SHEET DATA

	<u>Sep 30, 2001</u>	<u>Dec 31, 2000</u>
Cash, cash equivalents, and investments	\$ 63,889	\$ 64,681
Total assets	86,896	68,925
Total stockholders' equity	84,428	66,890

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