

SANGAMO BIOSCIENCES INC  
Form DEF 14A  
April 25, 2016

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

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 §240.14a-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):

- x 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 the transaction applies:
  
  - (2) Aggregate number of securities to which the transaction applies:
  
  - (3) Per unit price or other underlying value of the transaction computed pursuant 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 the 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 14, 2016**

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

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting ) of Sangamo BioSciences, Inc., a Delaware corporation (the Company, Sangamo or we ), will be held on Tuesday, June 14, 2016, at 9:00 a.m. Pacific time at 501 Canal Boulevard, Richmond, California 94804, for the following purposes, as more fully described in the Proxy Statement accompanying this Notice:

1. To elect eight (8) directors to serve on the Board of Directors for a one-year term ending at the Annual Meeting held in 2017 or until their successors are duly elected and qualified;
2. To approve an amendment of the Company s Certificate of Incorporation and Bylaws to eliminate the provisions prohibiting removal of directors without cause;
3. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending December 31, 2016; and
4. To transact such other business as may properly come before the meeting.

In accordance with rules established by the Securities and Exchange Commission, we are providing you access to our proxy materials over the Internet. Accordingly, on or prior to May 2, 2016, we will mail a Notice of Internet Availability of Proxy Materials (the Notice ), to our stockholders. The Notice will describe how to access and review our proxy materials, including our proxy statement and annual report on Form 10-K. The Notice as well as the printed copy of proxy cards will also describe how you may submit your proxy on the Internet or by telephone. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice. We will mail our registered stockholders a printed copy of all proxy materials

Only stockholders of record at the close of business on April 19, 2016, 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. To attend the meeting you will need a form of photo identification. If your shares are held in street name, you will also need to bring proof of your ownership of our common stock, such as your most recent brokerage statement. Whether or not you plan to attend the meeting, please vote as soon as possible.

Sincerely,

**Edward O. Lanphier II**  
**President and Chief Executive Officer**

Richmond, California

April 25, 2016

**Important Notice Regarding the Availability of Proxy Materials**

**For the Stockholder Meeting to be Held on June 14, 2016:**

**The Proxy Statement, Proxy Card and Annual Report on Form 10-K for 2015 are available at:**

*[www.edocumentview.com/sgmo](http://www.edocumentview.com/sgmo)*

**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 REFER TO THE VOTING BY MAIL, VIA THE INTERNET OR BY TELEPHONE SECTION ON PAGE 2 OF THE PROXY STATEMENT FOR ALTERNATE VOTING METHODS.**

**SANGAMO BIOSCIENCES, INC.**

**501 Canal Boulevard**

**Richmond, California 94804**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On June 14, 2016**

**General**

The enclosed proxy card ( Proxy ) is solicited on behalf of the Board of Directors of Sangamo BioSciences, Inc., a Delaware corporation (the Company , Sangamo or we ), for use at the Annual Meeting of Stockholders to be held on Tuesday, June 14, 2016 (the Annual Meeting ). The Annual Meeting will be held at 9:00 a.m. Pacific time at 501 Canal Boulevard, Richmond, California 94804. We expect to commence the mailing of notices of the Annual Meeting to our stockholders on or about May 2, 2016.

**Voting**

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying notice of Annual Meeting (the Notice ) and are described in more detail in this Proxy Statement (the Proxy Statement ). On April 19, 2016, the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, 70,400,832 shares of Sangamo s common stock, par value \$0.01, 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 the record date. Stockholders may not cumulate votes in the election of directors. 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.

*Quorum and Broker Non-Votes*

Holders of majority in number of the outstanding and issued shares of our common stock entitled to vote at the Annual Meeting on the record date must be present in person or represented by proxy 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. If the persons present or represented by proxy at the Annual Meeting constitute the holders of less than majority of the outstanding and issued shares of our common stock as of the record date, the Annual Meeting may be adjourned without stockholder vote to a subsequent date for the purpose of obtaining a quorum.

Broker non-votes result from shares held of record by stock brokerage firms or financial institutions which are not voted due to the failure of the beneficial owners of those shares to provide voting instructions as to certain non-routine matters as to which such brokerage firms or financial institutions are not permitted to vote on a discretionary basis. Two matters to be submitted to stockholder approval at the Annual Meeting, the amendment of our Certificate of Incorporation (Proposal No. 2) and the ratification of the appointment of Ernst & Young LLP (Proposal No. 3), are considered a routine matter and therefore brokerage firms or other financial institutions will not be precluded from voting in the absence of voting instructions from the beneficial owners of the share, and therefore no broker non-votes exist for this proposal. Proposal No. 1, or the election of directors, is considered a non-routine matter, therefore broker non-votes may occur if the beneficial owners do not provide voting instructions to the brokerage firms or other financial institutions.

*Votes Required for Each Proposal*

The required vote for each of the proposals expected to be acted upon at the Annual Meeting is described below:

*Proposal No. 1 Election of directors.* Each director will be elected by the majority of votes cast with respect to such director. Our Second Amended and Restated Bylaws (the Bylaws ) provides that any incumbent director who does not receive the required majority votes at the Annual Meeting will promptly tender his or her resignation to the Board, and the Board, after considering the recommendation of the Nomination and Corporate Governance Committee regarding such resignation, shall determine whether to accept or reject the resignation. For a more detailed description of the majority voting process, see *Proposal No. 1: Election of Directors General* below. Abstention and broker non-votes will have no effect in Proposal No. 1.

*Proposal No. 2 To approve an amendment of the Company s Certificate of Incorporation and Bylaws to eliminate the provisions prohibiting removal of directors without cause.* The affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote at the Annual Meeting is required to approve Proposal No. 2. As a result, abstentions will have the same effect as voting against the proposal. We do not expect broker non-votes in Proposal No. 2.

*Proposal No. 3 Ratification of independent registered public accounting firm.* This proposal must be approved by a majority of the shares present in person or represented by proxy and entitled to vote on the proposal. As a result, abstentions will have the same effect as voting against the proposal. We do not expect broker non-votes in Proposal No. 3.

**Recommendations of the Board of Directors**

After careful consideration, our Board of Directors has unanimously approved the proposals described in this Proxy Statement and their recommendations for each proposal are set forth below:

<b>Proposal</b>	<b>Recommendation of the Board of Directors</b>
1 Election of Directors	FOR all Nominees
2 To approve an amendment of the Company s Certificate of Incorporation and Bylaws	FOR
3 Ratification of the appointment of Ernst & Young LLP as our independent registered accounting firm for the year ending December 31, 2016	FOR

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

You may vote by mailing a completed proxy card, by telephone or over the Internet. Should you receive more than one proxy card 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.

*Registered Holders*

If your shares are registered in your own name as a registered holder, you 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 in the proxy card attached to this Proxy Statement. To vote by mailing a proxy card, sign and return the enclosed proxy card in the enclosed prepaid and addressed envelope and your shares will be voted at the Annual Meeting in the manner you direct. In the event no directions are specified, the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you are a registered holder and you do not return the proxy card, your shares will not be

voted and will not be deemed present for the purpose of determining whether a quorum exists. 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.

*Beneficial Owners*

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 firm for availability and instructions. If Internet or telephone voting is unavailable from your bank or brokerage firm, 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 firms, 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, employees or agents of 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 2017 must be received no later than January 2, 2017, 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 2017 will confer discretionary authority to vote on any stockholder proposal presented at that meeting, if Sangamo does not receive notice of such proposal prior to March 16, 2017.



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**MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING**

**PROPOSAL NO. 1:**

**ELECTION OF DIRECTORS**

**General**

At the Annual Meeting, eight (8) directors are to be elected to serve until the next Annual Meeting of Stockholders or until a successor for such director is duly elected and qualified, or until the death, resignation or removal of such director. 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. Our current director, John W. Larson, will not stand for reelection at the Annual Meeting. Mr. Robert F. Carey is a new director nominee.

Each of the eight (8) nominees set forth in this Proxy Statement will be elected by the majority of the votes cast with respect to such nominee. If an incumbent director does not receive the required majority vote, the director shall promptly tender his or her resignation to the Board. Within ninety (90) days after the Annual Meeting, the Nominating and Corporate Governance Committee will make a recommendation to the Board of Directors as to whether to accept or reject the resignation. The Board will act by taking into account such committee's recommendation. If the Board does not accept the resignation, the Board is required to publicly disclose its decision and the rationale behind the decision. For more details about the majority voting standard, see our Bylaws that were filed as an exhibit to the Company's Form 8-K filed on June 19, 2014.

**Nominees for Term Ending Upon the Annual Meeting of Stockholders in 2017**

*Edward O. Lanphier II*, age 59, the founder of Sangamo BioSciences, Inc., has served as our President, Chief Executive Officer and as a member of our Board of Directors since Sangamo's inception in 1995. Mr. Lanphier has over 30 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. He currently serves on the board of directors of the Biotechnology Institute, the board of directors and as Chairman of the Alliance for Regenerative Medicine, the board of trustees for The Buck Institute for Research on Aging and the Dean's Advisory Board of the University of Michigan School of Public Health. Mr. Lanphier received a B.A. in biochemistry from Knox College. Mr. Lanphier brings extensive experience in executive management of biotechnology companies focused on the therapeutic development of biologics. In addition, Mr. Lanphier's day-to-day leadership and intimate knowledge of Sangamo's business and operations, as well as Sangamo's relationships with partners, collaborators and investors, provide the Board with an in-depth understanding of the Company.

*Robert F. Carey*, age 57, is a new director nominee. Mr. Carey has been executive vice president, chief business officer for Horizon Pharma plc, a biopharmaceutical company, since March 2014. Prior to that, he served as managing director and head of the healthcare investment banking group at JMP Securities LLC from March 2003 to March 2014. Prior to JMP, Mr. Carey was a managing director in the healthcare groups at Dresdner Kleinwort Wasserstein and Vector Securities International, Inc. He has also held roles at Shearson Lehman Hutton and Ernst & Whinney. Mr. Carey has served on the board of directors of Argos Therapeutics,

Inc., a life science company, since September 2015. Mr. Carey received his B.S. in accounting from the University of Notre Dame. Mr. Carey's extensive experience in, and knowledge of, the healthcare investment banking industry, particularly with regards to financings and strategic transactions involving life science companies, as well as his role as a senior executive leading the business development efforts for a public, commercial biopharmaceutical company, will provide the Board with valuable insight and contribution.

*Paul B. Cleveland*, age 59, has served as a member of our Board of Directors since November 2008. Since November 2015 Mr. Cleveland has served as President, CEO and a member of the board of directors of Avalanche Biotechnologies, Inc. From June 2015 to November 2015, he was President, CEO and a member of the board of directors of Celladon Corporation, an AAV cardiovascular gene therapy company. From June 2014 to June 2015, he was President and CFO of Celladon Corporation. From February 2013 to August 2013, he was Executive Vice President, Corporate Strategy and Chief Financial Officer of Aragon Pharmaceuticals, a private biotechnology company focused on the development of small-molecule drugs for the treatment of hormone-dependent cancers. From April 2011 through February 2013, he served as General Partner and Chief Operating Officer of Mohr Davidow Ventures. From January 2006 through February 2011, Mr. Cleveland served as Executive Vice President, Corporate Development and Chief Financial Officer of Affymax, Inc., a biopharmaceutical company. From April 2004 to December 2005, he served as a Managing Director at Integrated Finance, Ltd., an investment bank. From September 1996 to April 2003, he served as a Managing Director at J.P. Morgan Chase and Co. (and a predecessor firm, Hambrecht & Quist), an investment bank. From January 1993 to September 1996, he was a partner at Cooley Godward LLP, a law firm. From December 1988 to December 1992, he was a corporate attorney at Sidley Austin LLP, a law firm, and from September 1981 to November 1988, he was a corporate attorney at Davis Polk & Wardwell, a law firm. Mr. Cleveland received a J.D. from Northwestern University School of Law and an A.B. from Washington University in St. Louis. Mr. Cleveland brings extensive experience in the areas of finance, investment banking and corporate and securities law to our Board. His experience as the President and Chief Executive Officer and as Chief Financial Officer of several biotechnology companies also provides additional insight to the Board on the operational, financial issues and best practices of such companies.

*Stephen G. Dilly, M.B.B.S., Ph.D.*, age 56, has served as a member of our Board of Directors since March 2010. Since May 2014 Dr. Dilly has served as Chief Executive Officer and a member of the board of directors of Aimmune Therapeutics, Inc. (formerly Allergen Research Corporation), a biotechnology company developing treatments for food allergies. From January 2012 to December 2012, he was Chief Executive Officer of PhotoThera, Inc., a medical device company. From 2006 to December 2011, he served as President and Chief Executive Officer and a member of the board of directors of APT Pharmaceuticals, Inc., a drug development company. From 2007 to 2009, he served as a member of the board of directors of Avigen, Inc., a biopharmaceutical company which merged with MediciNova, Inc. in December 2009. From 2003 to 2006, he served as Chief Medical Officer and Senior Vice President of Development of Chiron BioPharma, a biotechnology company which was later acquired by Novartis International AG. From 1998 to 2003, he held various management positions at Genentech, Inc., including Vice President of Development Sciences from 2002 to 2003 and Vice President of Medical Affairs from 1998 to 2001. From 1988 to 1998, Dr. Dilly held various management positions in drug development with SmithKline Beecham in the U.K. During his career, Dr. Dilly has been closely associated with the development and launch of marketed drugs for many therapeutic areas, including Kytril, Paxil, Kredex, Requip, TNKase, Xolair, Avastin, Raptiva, Tarceva, Lucentis and Cubicin. In 1982 Dr. Dilly received an M.B.B.S., the equivalent of an M.D. in the U.S., from the University of London in the U.K. and a Ph.D. in cardiac physiology from University of London in 1988. Dr. Dilly brings medical expertise and significant drug development experience to our Board. Dr. Dilly's extensive experience in all stages of drug development, from project prioritization through clinical trial design and data analysis to product launch, provides the Board with valuable insight into this process as the Company continues to advance and develop our ZFP Therapeutic pipeline.

*Steven J. Mento, Ph.D.*, age 64, has served as a member of our Board of Directors since May 2005. Since July 2005 Dr. Mento has served as President and Chief Executive Officer of Conatus Pharmaceuticals Inc., a biotechnology company engaged in the development of human therapy for liver disease. From 1997 to 2005, he

was President and Chief Executive Officer of Idun Pharmaceuticals. From 1992 to 1997, Dr. Mento was an executive officer at Viagene, Inc. In January of 1992 he joined Viagene, Inc. as Vice President of Research and Development, where he 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. Prior to that, from 1982 to 1992, Dr. Mento held various positions at American Cyanamid Company, the last one being the Director of Viral Vaccine Research and Development at Lederle-Praxis Biologicals, a business unit of American Cyanamid Company. Dr. Mento currently serves on the boards of BIOCUM, the BIOCUM Institute and the Biotechnology Industry Organization (BIO), as well as a member of the BIO ECS Governing Body, the BIO Health Section Governing Body, the Donald P. Shiley BioScience Center at SDSU Scientific Advisory Board and Cal State San Marcos Advisory Council. Dr. Mento received a B.A., M.S., and a Ph.D. in microbiology from Rutgers University. He completed his post-doctoral fellowship in somatic cell genetics at the University of Toronto. Dr. Mento's technical background and extensive operational experience in the early stages of the development of biologic drugs provide the Board with expertise in the management and development of our novel ZFP Therapeutic platform.

*H. Stewart Parker, age 60*, has been a member of our Board of Directors since June 2014. Ms. Parker has over 30 years of experience in the biotechnology industry. She served as the Chief Executive Officer of The Infectious Disease Research Institute (IDRI), a not-for-profit global health Research institute from March 2011 to December 2013. In 1992 Ms. Parker founded Targeted Genetics Corporation, a publicly traded Seattle-based biopharmaceutical company formed to develop gene-based treatments for acquired and inherited diseases that became a world leader in AAV gene therapy. She held the position of President and Chief Executive Officer and was a member of its board of directors from the company's inception until November 2008. Prior to founding Targeted Genetics, Ms. Parker served in various capacities at Immunex from August 1981 through December 1991, most recently as Vice President, Corporate Development. From February 1991 to January 1993, Ms. Parker served as President and a Director of Receptech Corporation, a company formed by Immunex in 1989 to accelerate the development of soluble cytokine receptor products. She has served on the board of directors and the executive committee of BIO, the primary trade organization for the biotechnology industry. She currently serves as a member of the board of directors for several for-profit companies including C3 Jian Inc, Oncogenex Technologies Inc. and Nexgenia and on the advisory boards of the University of Washington Foundation and College of Arts & Sciences. Ms. Parker received her B.A. and M.B.A. from the University of Washington. Ms. Parker's senior executive experience in AAV gene therapy and biotechnology drug development provides valuable operational, commercial assessment and management skills to the Board.

*Saira Ramasastry, age 40*, has served as a member of our Board of Directors since June 2012. Since April 2009 she has served as Managing Partner of Life Sciences Advisory, LLC, a company that she founded to provide strategic advice, business development solutions and innovative financing strategies for the life science industry. From August 1999 to March 2009, Ms. Ramasastry was an investment banker with Merrill Lynch & Co., Inc. where she helped establish the biotechnology practice and was responsible for origination of mergers and acquisitions (M&A), strategic and capital markets transactions. Prior to joining Merrill Lynch she served as a financial analyst in the M&A group at Wasserstein Perella & Co., an investment banking firm, from July 1997 to September 1998. Ms. Ramasastry currently serves on the Industry Advisory Board of the Michael J. Fox Foundation for Parkinson's Research, the board of directors of Pain Therapeutics, Inc. and lead business advisor for the European Prevention of Alzheimer's Dementia (EPAD) consortium. Ms. Ramasastry received her B.A. in economics with honors and distinction and an M.S. in management science and engineering from Stanford University, as well as an M. Phil. in management studies from the University of Cambridge where she is a guest lecturer for the Bioscience Enterprise Programme and serves on the Cambridge Judge Business School Advisory Council. Ms. Ramasastry's extensive experience in global healthcare investment banking and strategic advisory consulting provides valuable financial, commercial assessment and business development skills to the Board and her thorough understanding of the Company's technology and programs provides the Board with valuable insight in the development of our novel ZFP Therapeutic platform.

*William R. Ringo*, age 70, has served as Chairman of our Board of Directors since April 2010. From April 2008 until his retirement in April 2010, Mr. Ringo was Senior Vice President of Business Development, Strategy and Innovation at Pfizer Inc. and was responsible for guiding Pfizer's overall strategic planning and business development activities. Prior to joining Pfizer, he served as an executive in residence at Warburg Pincus and Sofinnova Ventures. From August 2004 to April 2006, Mr. Ringo was President and Chief Executive Officer of Abgenix, Inc., a biotechnology firm focused on developing human antibodies as agents to treat cancer and other serious diseases. At Abgenix, he led efforts to transform the organization into a more focused product company by strengthening the senior management team and enhancing an existing partnership with Amgen, which acquired Abgenix in 2006. Mr. Ringo began his career at Eli Lilly & Company in 1973 and during his 28-year tenure he held a number of senior positions, including Product Group President for Oncology and Critical Care, President of Internal Medicine Products, President of the Infectious Diseases Business Unit and Vice President of Sales and Marketing for U.S. Pharmaceuticals. He retired from Lilly in 2001. From 2001 to 2007, he served on various boards of directors, including Encysive Pharmaceuticals, Inc., Inspire Pharmaceuticals, Inc. and InterMune, Inc. where he was the non-executive chairman of the board of directors after serving as interim Chief Executive Officer from June to September 2003. Mr. Ringo served on the board of directors of Onyx Pharmaceuticals, Inc. from 2011 to 2013. He also serves on the board of directors of BioCrossroads, a public-private collaboration of corporate, university, government and entrepreneurial leaders that supports Indiana's life sciences research and corporate strengths in life sciences while encouraging business development in the region. Mr. Ringo currently serves on the board of directors of Assembly Biosciences, Inc., Immune Design, Dermira, Inc., Five Prime Therapeutics and Mirati Therapeutics. He received a B.S. in business administration and an M.B.A. from the University of Dayton. Mr. Ringo's extensive senior executive experience in both biotechnology and pharmaceutical companies provides valuable operational, commercial assessment, corporate leadership and management skills to the Board.

#### **Other Current Directors**

*John W. Larson*, age 80, has served as a member of our Board of Directors since January 1996. From February 2003 to December 2009, Mr. Larson served as a partner at the law firm of Morgan, Lewis & Bockius LLP. From 1969 to January 2003, Mr. Larson served as partner at the law firm of Brobeck, Phleger & Harrison LLP, 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 directors of Needham Funds and WageWorks, Inc. and other organizations. Mr. Larson received a L.L.B. and a B.A., with distinction, in economics, from Stanford University. Mr. Larson's extensive legal career and business background and his experience on the boards of numerous public and private companies provides the Board with substantial expertise in corporate governance and risk management, securities law and corporate finance transactions.

#### **Board Independence**

The Board of Directors has determined that each of its current and nominated directors is independent under applicable listing standard of NASDAQ Stock Market LLC (NASDAQ), except for Mr. Lanphier, who is the Chief Executive Officer of the Company.

#### **Board Committees and Meetings**

The Board of Directors held six meetings and acted twice by unanimous written consents in lieu of a meeting during 2015. The Board of Directors has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Clinical Review Committee. 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 2015.

### **Audit Committee**

The Audit Committee currently consists of three directors: Mr. Cleveland, Ms. Parker and Ms. Ramasastry. In June 2015 Ms. Parker was appointed to serve on the Audit Committee and she replaced Dr. Dilly and Dr. Mento, who served as members of the Audit Committee prior to her appointment. Our Board of Directors has determined that each member of the Audit Committee is independent under the applicable listing standard of NASDAQ and Securities and Exchange Commission ( SEC ) rules. Mr. Cleveland serves as the Chairman of this committee. The Board of Directors has determined that Mr. Cleveland is an audit committee financial expert as defined under SEC rules and has the requisite financial sophistication in accordance with the applicable NASDAQ listing standards. The Audit Committee held five meetings during 2015.

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 registered public accounting firm, including determining whether to engage or dismiss the independent registered public accounting firm and to monitor the independent registered public accounting firm's qualifications and independence. The Audit Committee also pre-approves all audit services and permissible non-audit services provided by the independent registered public accounting firm. The Audit Committee Report is included herein on page 46. The Audit Committee has a written charter which is available on our website at [www.sangamo.com](http://www.sangamo.com).

### **Compensation Committee**

The Compensation Committee currently consists of three directors: Dr. Mento, Mr. Larson and Mr. Ringo, each of whom is independent under applicable listing standard of NASDAQ and SEC rules. Dr. Mento serves as the Chairman of this committee. Following the Annual Meeting, the Compensation Committee will consist of Dr. Mento, Ms. Parker and Mr. Ringo.

The Compensation Committee's responsibilities include (i) establishing, administering and reviewing compensation plans and programs for the Company's executive officers and other employees, including incentive and equity-based plans and programs; (ii) establishing compensation arrangements for the executive officers and setting the performance goals for their incentive compensation programs; (iii) evaluating the performance of executive officers and awarding incentive compensation; (iv) adjusting compensation arrangements as appropriate based upon performance; and (v) reviewing and monitoring management development and succession plans and activities.

The Compensation Committee is authorized to engage, oversee and terminate independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Company's executive officers and other key employees. The Compensation Committee retained the services of Radford, an Aon Hewitt Company ( Radford ), in order to (i) assess compensation levels and mix of elements for the Company's executive officers and vice presidents for 2015, (ii) review the peer group companies selected in 2014 and recommend any changes to that list, and (iii) advise the committee on executive compensation and governance trends based on peer group trends and market practices.

The Compensation Committee held six meetings and acted by unanimous written consent in lieu of a meeting two times during 2015. The Compensation Committee has a written charter, which is available on our website at [www.sangamo.com](http://www.sangamo.com).

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

None of our Compensation Committee members has been an officer or employee of Sangamo at any time. 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 currently consists of three directors: Mr. Larson, Mr. Cleveland and Mr. Ringo, each of whom is independent under applicable listing standard of NASDAQ. Mr. Larson serves as the Chairman of this committee. 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 and policies applicable to the Company. Immediately following the Annual Meeting, the Nominating and Corporate Governance Committee will consist of Mr. Cleveland and Mr. Ringo.

The Nominating and Corporate Governance Committee acted once by unanimous written consent in lieu of a meeting during 2015. The Nominating and Corporate Governance Committee has a written charter which is available on our website at [www.sangamo.com](http://www.sangamo.com). 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.

#### *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. While the Nominating and Corporate Governance Committee does not prescribe specific diversity standards, as a matter of practice, the committee considers diversity in the context of the Board as a whole and takes into account the personal characteristics and experiences of current and prospective directors that reflect a broad range of perspectives in the Board's decision making process.

#### *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 or senior management, executive recruiting 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. Stockholder nominees will receive the same consideration that nominees of the Board receive. Any stockholder recommendations proposed for consideration by the Nominating and Corporate Governance Committee must provide all information requested by the Nominating and Corporate Governance Committee relating to such recommendation, including the candidate's name and qualifications for membership on the Board of Directors and should be addressed to Investor Relations at the following address:

Investor Relations Department

Sangamo BioSciences, Inc.

501 Canal Boulevard

Richmond, CA 94804

In evaluating such recommendations, the Nominating and Corporate Governance Committee applies the qualifications standards discussed above and seeks to achieve a balance of knowledge, experience and capability on the Board of Directors.

#### **Clinical Review Committee**

The Clinical Review Committee was established in September 2010 for the purpose of overseeing the ongoing and proposed human clinical trials of the Company. The Clinical Review Committee meets from time to time and its responsibilities include monitoring patient recruitment, clinical monitoring, data analysis, clinical data distribution and the review of study protocols. The Clinical Review Committee currently consists of three directors: Dr. Dilly, Dr. Mento and Mr. Lanphier. Dr. Dilly serves as the Chairman of this committee.

#### **Leadership Structure of the Board**

Under our Bylaws, the Board is not required to appoint our Chief Executive Officer as the Chairman of the Board, and the Board does not have a policy on whether or not the roles of Chief Executive Officer and Chairman of the Board should be separate. Currently two individuals serve these two positions. Mr. William Ringo serves as the Chairman of the Board. On March 16, 2016, based on the recommendation of the Nominating and Corporate Governance Committee, the Board approved a resolution to combine the positions of Chief Executive Officer and Chairman of the Board and appointed Mr. Lanphier as the Chairman of the Board, effective immediately following the Annual Meeting. Mr. Lanphier has extensive knowledge and experience in the life science industry and an in-depth understanding of our business strategies and day-to-day operations, which makes him well suited to set the agenda and lead the discussions at board meetings as the Chairman. This will also facilitate communications between the Board and management by ensuring a regular flow of information, thereby enhancing the Board's ability to make informed decisions on critical issues facing our company. As a result of combining the two positions and to ensure the independent oversight of the management by the Board, the Board also appointed H. Stewart Parker as a lead independent director of the Board, effective immediately following the Annual Meeting. The authority and responsibilities of the lead independent director include:

presiding over all executive sessions of independent directors, with the authority to call such other meetings of the independent directors as she deems necessary

presiding at meetings of the Board in the absence of the Chairman of the Board;

reviewing and approving the scheduling of Board meetings, as well as agenda and materials for each Board meeting and executive session of the Board's independent directors;

serving as a liaison and supplemental channel of communication between independent directors and the Chairman and Chief Executive Officer;

communicating with stockholders of the Company if requested by major stockholders

approving and coordinating the retention of advisors and consultants who report directly to independent directors.

Of the eight directors on our board following the Annual Meeting, seven directors are independent under applicable NASDAQ corporate governance rules. The Board believes that this establishes a strong independent board that provides effective oversight of the Company. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors conduct regular executive sessions without the presence of Mr. Lanphier or any other members of management. We believe that our leadership structure of the Board, particularly with the appointment of a strong lead independent director with substantial authorities and responsibilities, is appropriate given the nature and size our businesses, because it provides both effective independent oversight and expertise in the complexity and management of our operations as a life sciences company.

### **Oversight of Risk Management by the Board**

Our Board of Directors is generally responsible for the oversight of corporate risk in its review and deliberations relating to Company activities and has determined that the Company's principal source of risk falls into two categories, financial and product development and testing. The Audit Committee oversees management of financial risks. Our Board of Directors regularly reviews information regarding the Company's cash position, liquidity and operations, as well as the risks associated with each. The Board regularly reviews plans, results and potential risks related to our lead therapeutic development programs and other preclinical programs as well as financial and strategic risk related to our Company's operations. In addition, the Board of Directors established the Clinical Review Committee in September 2010, which is responsible for, among other things, monitoring and reviewing risks associated with conducting clinical trials for our human therapeutic programs.

In addition, the Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines and policies and manages risks associated with the independence of the Board of Directors and potential conflicts of interest. Our Compensation Committee oversees risk management as it relates to our compensation plans, policies and practices for all employees, including executives, particularly whether our compensation programs may create incentives for our employees to take excessive or inappropriate risks which could have a material adverse effect on the Company. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks.

### **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. Six directors attended the 2015 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, 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. A copy of our Code of Business Conduct and Ethics is available on our website at [www.sangamo.com](http://www.sangamo.com) in the Investors & Media Section under Corporate Governance. 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 requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefore, on our website at [www.sangamo.com](http://www.sangamo.com), in the Investors & Media section.



**Director Compensation**

The following table sets forth certain information regarding the compensation of each non-employee director for service as a member of the Board of Directors during 2015.

Name	Fees Earned or	Stock	Option Awards	Total
	Paid in Cash	Awards	(2) (3) (4)	
	(\$ (1))	(\$)		(\$)
Paul B. Cleveland	65,000		65,223	130,223
Stephen G. Dilly, M.B.B.S., Ph.D.	60,000		65,223	125,223
John W. Larson	57,500		65,223	122,723
Steven J. Mento, Ph.D.	65,000		65,223	130,223
H. Stewart Parker	50,000		65,223	115,223
Saira Ramasastry	50,000		65,223	115,223
William R. Ringo	87,500		65,223	152,723

- (1) Consists of the annual retainer fee for service as a member of the Board of Directors or any Board committee. For further information concerning such fees, see the section below entitled *Director Annual Retainer and Meeting Fees*.
- (2) Pursuant to the Automatic Grant Program in effect under the Company's 2013 Stock Incentive Plan, Mr. Cleveland, Dr. Dilly, Mr. Larson, Dr. Mento, Ms. Parker, Ms. Ramasastry and Mr. Ringo each received an option to purchase 10,000 shares of common stock with an exercise price per share of \$11.44 at the 2015 Annual Meeting, and each such option had an aggregate grant date fair value of \$65,223, without adjustment for estimated forfeitures.
- (3) As of December 31, 2015, the following non-employee directors held options to purchase the following number of shares of the Company's common stock: Mr. Cleveland, 31,667 shares; Dr. Dilly, 100,000 shares; Mr. Larson, 30,000 shares; Dr. Mento, 60,000 shares; Ms. Parker, 60,000 shares; Ms. Ramasastry, 44,450 shares and Mr. Ringo, 61,000 shares.
- (4) The amounts represent the aggregate grant date fair value of the awards in accordance with FASB Accounting Standards Codification Topic 718, or ASC 718, *Compensation - Stock Compensation*. The assumptions used in the calculation of such grant date fair values are described in Note 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

*Director Annual Retainer and Meeting Fees*

Each non-employee Board member receives an annual cash retainer of \$40,000, subject to pro-ration for directors who either join or leave the Board during the year. To the extent the Board meets more than ten times in any year, each member of the Board will receive, for each meeting in excess of ten, a per meeting fee of \$1,000 if attended in person and \$500 if attended by video or telephone conference. The Chairman of the Board receives an additional annual cash retainer of \$35,000. In addition, the non-employee Board members serving as the Chairman of the Audit Committee, the Chairman of the Clinical Review Committee, the Chairman of the Compensation Committee and the Chairman of the Nominating and Corporate Governance Committee receive an additional annual cash retainer of \$20,000, \$20,000, \$15,000 and \$10,000, respectively. Each non-employee Board member serving as a member of the Audit Committee, the Clinical Review Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, other than the Chairman, receives an additional annual cash retainer of \$10,000, \$10,000, \$7,500 and \$5,000, respectively.

The Automatic Grant Program under the Company's 2013 Stock Incentive Plan (the *2013 Plan*) provides the Compensation Committee with the ability to implement a program whereby directors are given the option to elect to convert their cash board retainer fees into RSU grants.

*2013 Stock Incentive Plan*

Under the Automatic Grant Program in effect under the 2013 Plan, on the date of each annual stockholders meeting, each continuing non-employee Board member who served as a director for the previous six months automatically receives an option to purchase 10,000 shares of the Company's common stock. Each option granted under the Automatic Grant Program will have an exercise price per share equal to the fair market value per share of the Company's common stock on the option 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 the Company, 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 will vest in successive equal monthly installments upon completion of each month of Board service over a one-year period. However, the shares subject to each automatic option grant will immediately vest upon (i) the optionee's death or permanent disability while serving as a Board member, (ii) an acquisition of the Company by merger or asset sale, (iii) the successful completion of a tender offer for more than 50% of the Company's outstanding voting stock or (iv) a change in the majority of the Board effected through one or more proxy contests for Board membership.

The Company anticipates that when a new non-employee director is to be elected or appointed to our Board, an equity award policy will be established that outlines the size and terms of any equity award to be granted to such director, based on competitive market data available at such time.

The Automatic Grant Program provides the Compensation Committees with discretion to grant, in lieu of the option grant that would otherwise be awarded under such program, a number of shares of restricted stock or RSUs to the non-employee directors with a fair market value substantially equal to the grant date fair value of the option that would otherwise be awarded. In addition, the Automatic Grant Program provides the Compensation Committee with the ability to implement a program whereby directors are given the option to elect to convert their cash board retainer fees into RSU grants.

Pursuant to the Automatic Grant Program, on the date of the 2015 Annual Meeting Mr. Cleveland, Dr. Dilly, Mr. Larson, Dr. Mento, Ms. Parker, Ms. Ramasastry and Mr. Ringo each received an option to purchase 10,000 shares of common stock with an exercise price per share of \$11.44.

**Recommendation of the Board of Directors**

**The Board of Directors recommends that the stockholders vote FOR the election of the nominees listed above. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR the election of the nominees named above.**

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**PROPOSAL NO. 2:**

**AMENDMENT OF CERTIFICATE OF INCORPORATION**

**Introduction and Reasons for the Amendments**

Our Board of Directors has unanimously determined that it is in the best interests of the Company and its stockholders to amend our Seventh Amended and Restated Certificate of Incorporation (the Certificate of Incorporation ) and Second Amended and Restated Bylaws (the Bylaws ) to permit stockholders to remove our director with or without cause.

Our Certificate of Incorporation and Bylaws currently provide that a director or the entire board may be removed only for cause by the votes of a majority of outstanding shares of the Company. Therefore, stockholders currently are not permitted to remove directors without cause. The rights of stockholders to remove directors are governed by Section 141(k) of Delaware General Corporation Law (DGCL). In December 2015, Delaware Chancery Court issued a decision, *In Re VAALCO Energy, Inc.*, in which the court interpreted Section 141(k) and held that if a company does not have (i) a classified board of directors or (ii) cumulative voting in election of directors, then such company may not provide in its certificate of incorporation or bylaws that its directors may be removed only for cause. Prior to the *VAALCO* decision, it was not clear whether Section 141(k) prohibits this type of provision when the company does not have classified board or cumulative vote. The *VAALCO* decision made it clear that the provision is now invalid.

Because the Company does not have a classified board nor cumulative voting under its organizational documents, the *VAALCO* court decision effectively rendered our current director removal provisions in the Certificate of Incorporation and Bylaws invalid. As a result, we are now amending these provisions to ensure that they comply with the *VAALCO* court decision, and such amendments to our Certificate of Incorporation requires stockholder approval under DCGL Furthermore, as disclosed previously in a Form 8-K filed by the Company on March 16, 2016, our Board has approved a resolution instructing the Company not to enforce the now invalid director removal provisions until the stockholders have approved these amendments to the Certificate of Incorporation and Bylaws to correct them.

**Description of Amendments**

We are requesting the stockholders to approve and ratify the Certificate of Amendment, as set forth in Appendix A to this proxy statement, which amends Article V, Paragraph 4 of the Certificate of Incorporation by deleting the last sentence that prohibits removal of directors without cause, so that Article V will read as follows:

**ARTICLE V.**

Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, even if less than a quorum, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been duly elected and qualified. ~~A director or the entire Board of Directors may be removed from office at any time only for cause by the affirmative vote of the holders of a majority of the outstanding shares of voting stock of the Corporation entitled to vote in an election of directors.~~

The foregoing description is qualified in its entirety by the Certificate of Amendment attached as Appendix A hereto.

In addition, we are requesting the stockholders to approve and ratify Amendment No. 1 to the Bylaws, as set forth in Appendix B to this proxy statement, to clarify that stockholders may remove directors with or without

cause pursuant to the Section 141(k) of DGCL. Specifically, Article IV, Section 13 of the Bylaws will be amended and restated in its entirety as follows:

Any and all of the directors may be removed from office at any time, with or without cause, if such removal is approved by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of capital stock of the Corporation then entitled to vote in the election of directors.

We note that stockholder approval of Amendment No. 1 to the Bylaws is not required under DGCL, and that our Board of Directors has the sole authority to amend the Bylaws without stockholder approval. However, given that Amendment No. 1 to the Bylaws is inextricably linked to the proposed amendment to the Certificate of Incorporation, the Board believes that it is appropriate and prudent to seek stockholder approval of Amendment No. 1 to the Bylaws, in order to ensure that both the Certificate of Incorporation and Bylaws are consistent with the *VAALCO* court decision. The foregoing description of the Bylaw amendment is qualified by Amendment No. 1, which is attached as Appendix B to this proxy statement.

#### **Effects of Stockholder Approval of Proposed Amendments**

If the proposed amendment is approved and adopted, our stockholders will have the right to remove any and all of the directors, with or without cause, by the affirmative vote of stockholders of at least a majority of our outstanding shares entitled to vote in the election of directors. As discussed above, even if the proposed amendment is not approved by our stockholders, our Board of Directors has approved a resolution not to enforce the current director removal provisions which have been invalidated by the *VAALCO* decision.

#### **Votes Required**

The affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote at the Annual Meeting is required to approve the amendment to our Certificate of Incorporation and related Bylaw amendment. The amendment to the Certificate of Incorporation will be effective immediately upon acceptance of filing by the Secretary of State of Delaware following stockholder approval of this proposal.

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

**The Board of Directors recommends that the stockholders vote FOR approval of the amendments to our Certificate of Incorporation and Bylaws to permit removal of directors with or without cause.**

**PROPOSAL NO. 3:****RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors has appointed Ernst & Young LLP, independent registered public accounting firm for Sangamo during 2015, to serve in the same capacity for the year ending December 31, 2016, 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 our shares of common stock present or represented by proxy and entitled to vote is required to ratify the appointment 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 registered public accounting 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.

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.

**Principal Accounting Fees and Services**

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for 2015 and 2014, and fees billed for other services rendered by Ernst & Young LLP during 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Audit fees and expenses (1)	\$ 846,201	\$ 805,287
Audit related fees		
Tax fees (2)	48,775	40,000
All other fees		
<b>Total</b>	<b>\$ 894,976</b>	<b>\$ 845,287</b>

(1) Includes fees and expenses for the audit of our annual financial statements included in our Forms 10-K and the related audit of internal controls over financial reporting, review of interim financial statements included on Forms 10-Q, consultations regarding accounting and auditing matters, fees in connection with our underwritten public offering of shares of our common stock completed in March 2014, fees in connection with the filing of the Company's registration statements on Form S-3 and Form S-8 and services normally provided in connection with statutory and regulatory filings.

(2) Includes fees billed for professional services for tax compliance, tax advice and tax planning.

***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 registered public accounting firm 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 such 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 obtains 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 appointment of Ernst & Young LLP to serve as Sangamo's independent registered public accounting firm for the year ending December 31, 2016. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR the ratification of the appointment of Ernst & Young LLP in this proposal.**

**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.

**MANAGEMENT**

**Executive Officers**

The following table sets forth information regarding our executive officers as of April 11, 2016:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Edward O. Lanphier II	59	President, Chief Executive Officer and Director
H. Ward Wolff	67	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Geoffrey Nichol, M.B., Ch.B.	61	Executive Vice President, Research and Development

*Edward O. Lanphier II*, the founder of Sangamo BioSciences, Inc., has served as our President, Chief Executive Officer and as a member of our Board of Directors since Sangamo's inception in 1995. Mr. Lanphier has over thirty 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. He currently serves on the board of directors of the Biotechnology Institute, the board of directors and as Chairman of the Alliance for Regenerative Medicine, the board of trustees for The Buck Institute for Research on Aging and the Dean's Advisory Board of the University of Michigan School of Public Health. Mr. Lanphier received a B.A. in biochemistry from Knox College.

*H. Ward Wolff* has served as our Executive Vice President and Chief Financial Officer since December 2007. Prior to his appointment as Executive Vice President and Chief Financial Officer, Mr. Wolff served as a member of the Company's Board of Directors and Chairman of the Audit Committee from June 2006 through

December 2007. Prior to joining the Company, Mr. Wolff served as Senior Vice President, Finance and Chief Financial Officer of Nuvelo, Inc. (now ARCA biopharma, Inc.) from July 2006 to August 2007, and Chief Financial Officer and Senior Vice President, Finance, of Abgenix, Inc. from September 2004 to April 2006. 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 & Co., as a certified public accountant, including Senior Audit Manager. Mr. Wolff currently serves on the board of directors of Portola Pharmaceuticals, Inc. and Calithera Biosciences, Inc. Mr. Wolff received a B.A. in economics from the University of California at Berkeley and an M.B.A. from Harvard Business School.

*Geoffrey M. Nichol, M.B., Ch.B.*, has served as our Executive Vice President, Research and Development since July 2011. Dr. Nichol has over twenty years of experience in the pharmaceutical and biotechnology industries and has made contributions in all stages of the drug development process from program initiation, through all phases of clinical evaluation to product approval. He has been closely associated with the development of over 15 new drug candidates and the approval and/or launch of several marketed drugs, including Augmentin BID, Foradil® and Yervoy . Dr. Nichol has particular expertise in development of platform technologies. From 2002 to 2010, he served as Senior Vice President of Product Development at Medarex, Inc., where he was responsible for all aspects of the clinical development of therapeutic products based on a fully-human monoclonal antibody platform. From 1996 to 2002, he held various senior management positions at Novartis Pharmaceuticals, including Vice President, U.S. Medical Affairs and Vice President and Global Head, Project Management, and in the seven years prior held management positions in drug development with SmithKline Beecham Pharmaceuticals. Most recently, Dr. Nichol served as Chief Medical Officer of Ikaria, Inc., a biotherapeutics company. Dr. Nichol earned his B.Med.Sc., M.B., Ch.B., or the equivalent of an M.D. in the U.S., from Otago University Medical School in New Zealand and received an M.B.A. from Warwick University in the United Kingdom.

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**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 our common stock as of April 8, 2016, by (i) all persons who were beneficial owners of five percent (5%) or more of our common stock based on 70,400,119 shares outstanding as of April 8, 2016, (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 named 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, Richmond, CA 94804. Except as otherwise indicated or to the extent authority may be shared by both spouses under applicable law, and subject to applicable community property laws, 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.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned (17)
Wasatch Advisors, Inc. (1) 505 Wakara Way  Salt Lake City, UT 84108	7,099,209	10.1%
BlackRock, Inc. (2) 55 East 52 <sup>nd</sup> Street  New York, NY 10055	4,790,474	6.8%
FMR LLC (3) 245 Summer Street  Boston, MA 02210	4,239,783	6.1%
Baker Bros. Advisors (GP) LLC (4) 667 Madison Avenue, 21 <sup>st</sup> Floor  New York, NY 10065	4,055,876	5.8%
Edward O. Lanphier II (5)	2,856,010	4.1%
Paul B. Cleveland (6)	31,667	*
Stephen G. Dilly, M.B.B.S., Ph.D. (7)	100,000	*
John W. Larson (8)	244,660	*
Steven J. Mento, Ph.D. (9)	92,214	*
H. Stewart Parker (10)	61,000	*
Saira Ramasastry (11)	44,450	*
William R. Ringo (12)	61,800	*
H. Ward Wolff (13)	1,032,525	1.5%
Geoffrey M. Nichol, M.B., Ch.B. (14)	550,613	*
Robert F. Carey		*
Philip D. Gregory, D. Phil.	112,744	*
Dale G. Ando, M.D. (15)	516,794	*
All current directors and named executive officers as a group (13 persons) (16)	5,704,477	8.1%

\* Less than one percent.

(1) According to a Schedule 13G/A filed on February 10, 2016, Wasatch Advisor, Inc. is the beneficial owner of 7,099,209 shares of common stock and has sole power to vote or to direct to vote such shares, and the sole power to dispose or direct the disposition of such shares.



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- (2) According to a Schedule 13G/A filed on January 22, 2016, BlackRock, Inc., as the parent holding company of various subsidiaries that acquired shares of our common stock, is the beneficial owner of 4,790,474 shares of common stock. BlackRock, Inc. has sole power to dispose or to direct the disposition of 4,790,474 shares of common stock and sole power to vote or to direct to vote of 4,613,119 shares of common stock.

- (3) According to a Schedule 13G filed on February 12, 2016, FMR LLC is the beneficial owner of 4,239,783 shares of common stock and has sole power to dispose and direct the disposition of 4,239,783 shares of common stock. Edward C. Johnson is a Director and Chairman of FMR LLC and Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR. As such, and through their ownership interests of FMR LLC, each of Mr. Johnson and Ms. Johnson has sole power to dispose and direct the disposition of 4,239,783 shares of common stock. Neither FMR LLC nor Mr. Johnson nor Ms. Johnson has sole power to vote or direct the voting of shares beneficially owned by them. Select Biotechnology Portfolio is reported to have sole power to vote and direct the voting of 4,239,783 shares of common stock beneficially owned by FMR LLC,
- (4) According to a Schedule 13G filed on February 16, 2016, Baker Bros. Advisors (GP) LLC is the beneficial owner of an aggregate of 4,055,876 shares of common stock, consisted of 298,646 shares directly held by 667, L.P. and 3,757,230 shares directly held by Baker Brothers Life Science, L.P. Baker Bros. Advisors (GP) LLC is the general partner of Baker Bros. Advisors LP, which is the general partner of each of 667, L.P. and Baker Bros. Advisors LP and Baker Brothers Life Science, L.P. Baker Bros. Advisors (GP) LLC has sole power to vote or to direct to vote 4,055,876 shares, and the sole power to dispose or direct the disposition of such shares. The principals of Baker Bros. Advisors (GP) LLC are Felix J. Baker and Julian C. Baker, who may be deemed to have beneficial ownership of the shares held by Baker Bros. Advisors (GP) LLC but disclaim such beneficial ownership.
- (5) Includes 1,622,916 shares of common stock subject to options exercisable within 60 days after April 8, 2016. Also includes 1,233,094 shares held in family trust. Excludes Restricted Stock Units ( RSUs ) covering an additional 233,333 shares of common stock that may vest and become issuable more than 60 days after April 8, 2016.
- (6) Consists of 31,667 shares issuable upon the exercise of stock options within 60 days of April 8, 2016, of which 30,833 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting.
- (7) Consists of 100,000 shares issuable upon the exercise of stock options within 60 days of April 8, 2016, of which 99,166 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting.
- (8) Includes 30,000 shares issuable upon the exercise of stock options within 60 days of April 8, 2016, of which 29,166 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting. Also includes 11,260 shares of common stock held in Mr. Larson s individual retirement account (IRA).
- (9) Includes 60,000 shares issuable upon the exercise of stock options within 60 days of April 8, 2016, of which 59,166 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting. Also includes 32,214 shares held in a family trust.
- (10) Includes of 60,000 shares issuable upon the exercise of stock options, of which 41,111 shares fully vest within 60 days of April 8, 2016. The remaining 18,889 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting.
- (11) Includes 44,450 shares issuable upon the exercise of stock options, of which 43,616 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting.
- (12) Consists of 61,000 shares issuable upon the exercise of stock options within 60 days of April 8, 2016, of which 60,166 shares fully vest within 60 days of April 8, 2016. The remaining 834 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to Board if exercised prior to vesting.



- (13) Includes 889,603 shares of common stock subject to options exercisable within 60 days after April 8, 2016. In addition to the shares reported as beneficially owned by Mr. Wolff in the table above, he also holds RSUs covering an additional 74,166 shares of common stock that may vest and become issuable more than 60 days after April 8, 2016.
  
- (14) Includes 465,103 shares of common stock subject to options exercisable within 60 days after April 8, 2016. Excludes RSUs covering an additional 85,510 shares of common stock that may vest and become issuable more than 60 days after April 8, 2016.
  
- (15) Includes 457,546 shares of common stock subject to options exercisable within 60 days after April 8, 2016. Excludes RSUs covering an additional 49,332 shares of common stock that may vest and become issuable more than 60 days after April 8, 2016.
  
- (16) Includes 3,822,285 shares issuable upon the exercise of stock option, of which 3,798,392 shares are fully vested within 60 days of April 8, 2016. The remaining 23,893 shares do not vest within 60 days of April 8, 2016 and would be subject to repurchase upon cessation of service to the Board if exercised prior to vesting. Excludes RSUs covering an additional 442,341 shares of common stock that may vest and become issuable more than 60 days after April 8, 2016.
  
- (17) The percentages are calculated based on 70,400,119 shares outstanding as of April 8, 2016. Shares of common stock issuable upon the exercise of options currently exercisable or exercisable within 60 days after April 8, 2016, are deemed outstanding for purposes of computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person.

## COMPENSATION DISCUSSION AND ANALYSIS

It is our intent in this Compensation Discussion and Analysis ( CD&A ) to inform our stockholders of the policies and objectives underlying the compensation programs for our executive officers. Accordingly, we will address and analyze the key elements of the compensation provided to our chief executive officer, our principal financial officer and the senior research and clinical development executive officers named in the Summary Compensation Table which follows this discussion. We refer to these officers as our named executive officers.

### Executive Summary of Compensation Principles and Decisions

The Company's overarching compensation goal is to reward our executive officers in a manner that supports a strong pay-for-performance philosophy in order to create a positive relationship between its compensation program and the Company's operational performance and stockholder return, while maintaining an overall level of compensation that the Company believes is fair, reasonable and responsible. The Company believes its compensation objective is accomplished through the following principles and processes that are followed in establishing executive compensation and by the following decisions made with respect to the 2015 compensation package for our named executive officers:

In order to assure that the compensation programs for the executive officers remain competitive with peer companies, accomplish the Company's pay-for-performance objectives, and create rewards for the realization of our long-term strategic objectives, the Compensation Committee works with an independent consultant, Radford, an Aon Hewitt Company ( Radford ), to obtain the advice and market data needed to ensure that the compensation programs achieve these goals.

The Company's 2015 cash incentive program provided our executive officers with a direct financial incentive in the form of a cash bonus award tied to the Company's achievement of aggressive pre-established clinical, research and development, business and corporate development, and financial objectives for the 2015 year, as well as individual performance objectives for Dale Ando, our Vice President, Therapeutic Development and Chief Medical Officer and Philip Gregory, who served as Senior Vice President, Research and Chief Scientific Officer until his employment terminated in June 2015. For 2015, the Compensation Committee established a maximum payout of 200% of target bonuses based on attainment of the corporate performance goals. The Compensation Committee determined that 85% of the corporate objectives for the 2015 year were achieved, and that the individual performance objectives for Dr. Ando were achieved at 90%.

The Company does not offer a defined benefit pension plan, deferred compensation plan or supplemental executive retirement plan. Instead, the Company relies on equity compensation (in the form of stock options and restricted stock units) in order to attract and retain key employees, align the interests of our executive officers with those of our stockholders and to provide our executive officers and other employees with the opportunity to accumulate retirement income. However, the Compensation Committee is committed to using equity incentive awards prudently and within reasonable limits. Our historic three-year average gross burn rate, representing annual equity award grants as a percentage of total shares outstanding is 3.32%, calculated in accordance with the methodology used by Institutional Shareholder Services (ISS). This is below the 6.77% gross burn rate limit for 2015 that ISS applies to the Pharmaceutical and Biotechnology GICS industry group of the Russell 3000 to which the Company belongs.

The base salary increases for our executive officers were modest, and generally consistent with salary increases for our other employees.

The Company has entered into employment agreements with its President and Chief Executive Officer, Edward O. Lanphier II, its Executive Vice President, Research and Development, Dr. Geoffrey Nichol and its Executive Vice President and Chief Financial Officer, H. Ward Wolff. These agreements provide financial protection against the potential loss of employment in designated circumstances,

which the Compensation Committee believes will allow the executives to focus attention on the best interests of the stockholders, without undue concern as to the executive's own financial situation. None of our employment agreements contain a tax gross-up. The Compensation Committee has been advised by its independent compensation consultant that the benefits provided under these agreements are consistent with both peer company and broader market practices, and are fair and reasonable.

The Compensation Committee annually assesses whether our compensation programs have potential risks that are reasonably likely to have a material adverse effect on the Company.

The Company does not offer any significant perquisites to the executive officers.

### **2015 Business Highlights**

As discussed in this CD&A, the Compensation Committee strives to create a positive relationship between its compensation program and the Company's operational performance and stockholder return. The Compensation Committee established the 2015 compensation program and the associated Company goals in accordance with this philosophy and recognized the following key financial and operational achievements during the 2015 year:

In January 2015 the Company announced that it had in-licensed nanoparticle technology to enable systemic messenger RNA (mRNA) delivery of Sangamo's proprietary zinc finger nucleases (ZFNs). mRNA delivery of ZFNs is being used in the development of the next generation of Sangamo's ZFP Therapeutics®.

In September 2015 the company announced a strategic decision by Sangamo and its partner Shire to revise their January 2012 collaboration and license agreement to expedite the development of ZFP Therapeutics for hemophilia A and B and Huntington's disease. Under the revised terms of the agreement, Shire returned to Sangamo the exclusive world-wide rights to gene targets for the development, clinical testing and commercialization of ZFP Therapeutics for hemophilia A and B and Shire retained rights to the Huntington's disease program and a ZFP Therapeutic for one additional gene target yet to be named.

In February 2015 Sangamo announced the clearance by the U.S. Food and Drug Administration (FDA) of an Investigational New Drug (IND) application for the company's SB-BCLmR-HSPC genome editing approach for beta-thalassemia which developed in collaboration with Biogen. Subsequently, in May 2015, the Company announced the decision of the collaboration's joint steering committee (JSC) governing the programs to consolidate the strategy for the beta-thalassemia and sickle cell disease (SCD) programs. This involved a modification of the therapeutic approach for the beta-thalassemia program from knockout of the BCL11A gene to knockout of the BCL11A Enhancer, an approach that was already under development for the SCD program.

In the fourth quarter of 2015 IND applications were filed with the FDA for two clinical programs, to address hemophilia B and Mucopolysaccharidosis I (MPS I or Hurler syndrome). The FDA reviewed and accepted both applications and the INDs are active, enabling the Company to begin Phase 1/2 clinical trials for these indications in 2016. Phase 1 study protocols for both programs were also reviewed by the National Institutes of Health's Recombinant DNA Advisory Committee (RAC) and received unanimous approval.

In 2015 the Company presented clinical data from its SB-728-T program at several scientific and medical conferences including data demonstrating the superiority of SB-728-T produced using adenoviral delivery to both CD4 and CD8 cells (SB-728-1101) over that produced with mRNA delivery (SB-728-1401). The company reported that two of three subjects treated in the SB-728-1101 clinical study were able to maintain viral load control in the absence of antiretroviral therapy (ART) and remained off ART for over one year.

The Company presented positive preclinical data from its In Vivo Protein Replacement Platform (IVPRP) programs for proprietary ZFP Therapeutics® designed to provide long lasting treatments for



lysosomal storage disorders (LSDs) and hemophilia. Data were presented at several meetings including the WORLDSymposium 2015 Meeting, the Annual Meeting of the American Society for Gene and Cell Therapy (ASGCT) and the American Society for Hematology Annual Meeting (ASH).

The Company concluded 2015 with \$209.3 million in cash, cash equivalents, investments and interest receivable.

#### **Overview of the Company's Executive Compensation Program**

##### *Corporate Governance and the Role of the Compensation Committee*

The Compensation Committee assists the Board of Directors in fulfilling its fiduciary responsibilities with respect to the oversight of the Company's affairs in the areas of compensation plans, policies and programs of the Company, especially those regarding executive compensation and employee benefits.

The Compensation Committee's responsibilities include (i) establishing, administering and reviewing compensation plans and programs for the Company's executive officers and other employees, including incentive and equity-based plans and programs; (ii) establishing compensation arrangements for the executive officers and setting the performance goals for their incentive compensation programs; (iii) evaluating the performance of executive officers and awarding incentive compensation; (iv) adjusting compensation arrangements as appropriate based upon performance; and (v) reviewing and monitoring management development and succession plans and activities.

During 2015 Dr. Mento served as Chairman of the Compensation Committee, and Messrs. Larson and Ringo served as members of the Compensation Committee. The Company's Board of Directors has determined that all of the Compensation Committee members who served during the 2015 year are independent directors under the NASDAQ definition of independence. Dr. Mento and Messrs. Larson and Ringo have extensive experience in executive management and the biotechnology industry, including experience with compensation practices and policies.

##### *Objectives of the Company's Compensation Program*

The Company is developing a new class of human therapeutics and is committed to building a sustainable business focused on the research, development and commercialization of engineered DNA-binding proteins for the development of novel therapeutic strategies for unmet medical needs. To achieve this strategic objective, the Company has emphasized the recruitment of executives with significant industry or scientific experience. This is a very competitive industry and our success depends upon our ability to attract and retain qualified executives through competitive compensation packages. The Compensation Committee administers the compensation programs for our executive officers with this competitive environment in mind.

Pharmaceutical research, development and commercialization require sustained and focused effort over many years, and involves a high degree of risk, particularly in the early stages of clinical development. As a consequence, the Compensation Committee believes the Company's compensation program must balance long-term incentives that create rewards for the realization of our long-term strategic objectives with near term compensation that rewards employees for the achievement of annual goals that further the attainment of the Company's long-term objectives and align the interests of our employees with those of our stockholders. The Company believes that compensation should not be based primarily on the near-term performance of our stock, which has been and continues to be highly volatile.

To this end, the objectives of the Company's compensation program are to:

Enable the Company to attract and retain highly qualified executives with extensive industry or scientific experience by providing a competitive compensation package that includes long-term incentives that provide significant retentive value;



Reward executives for the Company's success in meeting its annual clinical development and other research and operational goals;

Reward executives for their individual performance and achievement of their personal goals and those of the functional organizations that they manage; and

Align the interests of our executives with those of our stockholders.

*Executive Compensation Determination Procedures and Policies*

The Compensation Committee reviews executive compensation annually. As part of this process, the Chief Executive Officer makes recommendations to the Compensation Committee with respect to the compensation levels for individual executives other than himself based on the performance evaluation conducted by the executive's manager. The Compensation Committee reviews this information and adjusts or approves the recommendations as appropriate. In making its determination for each named executive officer, the Compensation Committee considers the Company's performance against annual and longer term objectives, market data regarding executive compensation at comparable companies and realized and realizable values under previous equity awards.

In the case of the Chief Executive Officer, the Compensation Committee evaluates his performance against the Company's annual goals and longer term objectives pre-established by the Board of Directors, together with market data regarding executive compensation at comparable companies and realized and realizable values under previous equity awards.

The Compensation Committee retained the services of Radford in order to (i) assess compensation levels and mix of elements for the Company's executive officers and vice presidents for 2015, (ii) review of the peer group companies selected in 2014 and recommend any changes to that list and (iii) advise the committee on executive compensation and governance trends based on peer group trends and market practices.

The Compensation Committee determined that Radford was independent using certain defined criteria including (i) fees paid by Sangamo to Radford as a percentage of Radford's total revenue; (ii) other services provided to Sangamo by Radford or Radford's parent company Aon plc; (iii) Radford's business or personal relationships with Compensation Committee members and executive officers; (iv) shares of Sangamo common stock owned by Radford; and (v) other potential conflicts of interest.

*Comparative Analysis*

For purposes of measuring the competitive positioning of our compensation packages, peer companies are generally selected by the Compensation Committee primarily using the following criteria, with a general preference for companies located in northern California: (i) publicly-held pre-commercial U.S. biotechnology companies, (ii) companies with 50 - 500 employees, and (iii) companies that fall within a specific market capitalization range of approximately one half to two times Sangamo's market capitalization at the time of the peer evaluation. Because the biotechnology industry is a dynamic industry, the comparator group used by the Compensation Committee to measure the competitive positioning of our compensation packages is periodically updated to ensure that companies continue to meet the established criteria.

The selected comparable companies for purposes of measuring the competitive positioning of the base salary and cash incentive bonus elements of the compensation packages in 2015 were as follows:

ACADIA Pharmaceuticals  
 Alnylam Pharmaceuticals, Inc.  
 Anacor Pharmaceuticals, Inc.  
 bluebird bio, Inc.  
 Celldex Therapeutics, Inc.  
 Dyax Corp.  
 Dynavax Technologies Corporation  
 Exelixis, Inc.  
 Geron Corporation  
 ImmunoGen, Inc.

Infinity Pharmaceuticals, Inc.  
 Isis Pharmaceuticals, Inc.  
 MannKind Corporation  
 Neurocrine Biosciences, Inc.  
 Osiris Therapeutics, Inc.  
 Sarepta Therapeutics, Inc.  
 Synta Pharmaceuticals Corp.  
 Ultragenyx Pharmaceutical, Inc.  
 XenoPort, Inc.  
 XOMA Corporation

In October 2015 the Compensation Committee, based on the recommendation of Radford, revised the market capitalization criteria used to identify peer companies to those companies that fall within a market capitalization range of approximately 0.3 to 3 times Sangamo's market capitalization and updated the comparator group to ensure that companies continue to meet the revised established criteria. The selected comparable companies for purposes of measuring the competitive positioning of the equity compensation awards issued in December 2015 were as follows:

ACADIA Pharmaceuticals  
 bluebird bio, Inc.  
 Celldex Therapeutics, Inc.  
 ChemoCentryx, Inc.  
 Cytokinetics, Inc.  
 Dyax Corp.  
 Dynavax Technologies Corporation  
 Exelixis, Inc.  
 Geron Corporation  
 ImmunoGen, Inc.  
 Infinity Pharmaceuticals, Inc.

MannKind Corporation  
 Neurocrine Biosciences, Inc.  
 Osiris Therapeutics, Inc.  
 Peregrine Pharmaceuticals, Inc.  
 Rigel Pharmaceuticals, Inc.  
 Sarepta Therapeutics, Inc.  
 Synta Pharmaceuticals Corp.  
 Threshold Pharmaceutical, Inc.  
 Ultragenyx Pharmaceutical, Inc.  
 XenoPort, Inc.

***Key Elements of the Company's Executive Compensation Program***

The following are the key elements of the Company's executive compensation program:

Base Salary

Cash Incentive Bonus

Equity Compensation

***Base Salary***

Base salary is intended to enable the Company to attract and retain skilled and experienced executives and to provide a level of economic security for executives from year to year. For each of the Company's officers, the Compensation Committee generally begins by targeting base compensation in the range of the 50<sup>th</sup> to 75<sup>th</sup> percentile of the market data derived by Radford from the comparator group. The Committee considers this positioning appropriate given the high cost of living in the San Francisco Bay Area. However, the base salary for a specific executive officer may then be targeted below or above the range based on individual performance, experience, skills and the importance of the executive's position to the Company.



In accordance with our practice, in December 2014 the Company conducted annual performance reviews for the 2014 year for all of its employees, including named executive officers. Based on these reviews, Company performance for the 2014 year, advice from Radford and competitive data from the peer group, the Compensation Committee approved increases in annual base salaries for each of the Company's named executive officers, effective January 1, 2015. The base salary increases for the other executive officers were modest. In general, the base salaries of those executive officers for 2015 were at or above the 75<sup>th</sup> percentile of the market data derived from the peer group.

The base salaries established for 2015 and 2014 were as follows:

Name	2015 Base Salary	2014 Base Salary	Percent Increase
Edward O. Lanphier II	\$ 675,000	\$ 650,000	3.85%
H. Ward Wolff	\$ 415,000	\$ 405,000	2.47%
Geoffrey M. Nichol, M.B., Ch.B.	\$ 470,000	\$ 460,000	2.17%
Philip D. Gregory, D. Phil. (1)	\$ 450,000	\$ 425,000	5.88%
Dale G. Ando, M.D.	\$ 450,000	\$ 440,000	2.27%

(1) Dr. Gregory's employment terminated in June 2015. \$225,863 represents the actual salary paid through the end of his employment. *Cash Incentive Bonus for 2015*

#### *Incentive Compensation Plan Terms and Conditions*

The Compensation Committee has adopted the Sangamo BioSciences, Inc. Incentive Compensation Plan (the "Incentive Plan") as a performance-based cash bonus program for the Company's executive officers. The Compensation Committee has discretion under the Incentive Plan to implement one or more performance periods under the plan, each of a duration determined by the Compensation Committee. The Incentive Plan includes a list of criteria, one or more of which may be used to establish performance objectives under the Incentive Plan, including both individual and Company performance objectives. For each Company and individual objective, the Compensation Committee may set differing levels of attainment. The Compensation Committee will then establish dollar levels for the bonus to which each participant may become entitled for that performance period based on the level at which the performance objectives are actually attained.

A participant will not become entitled to a bonus under the Incentive Plan for a particular performance period unless the participant remains employed by the Company through the date bonuses are paid to each participant following completion of that performance period. However, should a change in control transaction be consummated prior to the completion of a performance period, then the performance period will terminate upon the consummation of that change in control and each participant in the Incentive Plan will receive a bonus in the dollar amount previously set by the Compensation Committee at target level attainment of each performance objective; however, such bonus will be pro-rated to reflect each participant's actual period of service from the start date of the performance period through the effective date of the change in control. The pro-rated bonus paid pursuant to the terms of the Incentive Plan will reduce the amount of any severance payable to the participant based on the participant's target bonus pursuant to the terms of any employment agreement.

#### *2015 Objectives and Achievement*

The cash incentive program for the 2015 year under the Incentive Plan was designed to advance our pay-for-performance policy by focusing the attention of our executive officers on the attainment of key Company short-term objectives that further the attainment of the Company's long-term objectives. The program provided each of our executive officers with a direct financial incentive in the form of a cash bonus award tied to our achievement of aggressive pre-established clinical, research and development, business and corporate development, and financial goals for the 2015 year based on our annual operating plan for such year.

Given the uncertainties involved in pharmaceutical development, the Compensation Committee's milestones for certain clinical and research objectives have typically focused on the achievement of a specific milestone, rather than a successful outcome. The Compensation Committee believes that this focus is appropriate for the cash incentive program because the executive officers are already incentivized to produce successful outcomes pursuant to outstanding equity awards, as described under the heading "Equity Compensation" below. The Compensation Committee also believes that this strategy protects against the potential of short-term incentives to encourage excessive risk taking. However, in order to advance our pay-for-performance strategy, and align our cash incentive program with the interests of our stockholders, the Compensation Committee has increasingly focused our corporate objectives under the Incentive Plan on the successful achievement of milestones related to the attainment of the Company's long-term objectives, and the creation of stockholder value. The Compensation Committee determined the relative weight of each goal under the cash incentive program based on its importance to the Company's success.

The Compensation Committee has historically determined the size of potential cash bonuses by reference to target bonus amounts, based on market data from the peer group for each executive position. The specified percentages are intended to help ensure that the Company's total cash compensation is competitive when compared to the peer companies. It is also designed to ensure that a portion of each executive's cash compensation is contingent on goal achievement, thereby increasing the performance-based component of each executive's total compensation.

For the performance period under the Incentive Plan coincident with the 2015 calendar year, the target cash bonus for our executive officers was as follows: Mr. Lanphier, 60% of base salary; Dr. Nichol, 45% of base salary; Mr. Wolff, 40% of base salary, and Drs. Ando and Gregory, 35% of base salary.

For Messrs. Lanphier and Wolff and Dr. Nichol, 100% of the target bonus was based on pre-established corporate performance objectives; for Drs. Ando and Gregory, 80% of the target bonus was based on corporate performance objectives and 20% of the target bonus was based on individual performance objectives.

If the actual level of achievement for any category of objectives was deemed to be below the target level for that category of objectives, the dollar amount of the portion of the executive officer's bonus allocated to that category of objectives was calculated on a proportional basis between \$0 and his target bonus amount. If performance exceeded the target level for that category of objectives, the dollar amount of the portion of the bonus allocated to that category of objectives was increased at the discretion of the Compensation Committee above the target bonus amount for that category of objectives to reflect the extent to which the results exceeded the target. The aggregate percentage attainment of the corporate performance objectives had to be at a minimum of 70% for any bonuses to become payable. The maximum bonus attributable to achievement of the corporate performance objectives at a level above 100% in the event of exceptional performance was limited to 200% of target bonus.

The principal individual performance objective for Dr. Ando was to achieve the development component of the Company's performance objectives. In addition, Dr. Ando's individual performance objectives related to implementation of organizational enhancements and expanding technical expertise in the Company's development group and continuing to build key relationships with clinical opinion leaders. The principal individual performance objective for Dr. Gregory was to achieve the research component of the Company's performance objectives. In addition, Dr. Gregory's individual performance objectives related to implementation of organizational enhancements in the research group, strategic contributions to the scientific direction of the Company and support of the business development group. The maximum achievement for Drs. Ando and Gregory's individual performance objectives was 125% of target.

At the time the objectives were set, we believed that the objectives, though aggressive, were achievable at the established target levels, but substantial uncertainty nevertheless existed as to the actual achievement of the objectives at the established level.

The performance objectives, weighting and achievement under the program for 2015 may be summarized as follows:

Corporate Performance Objectives For 2015	Weighting	Achievement
<b>Clinical Objectives:</b>	20%	10%
Advance clinical trials of SB-728-T program		
Advance clinical trials of beta thalassemia program		(50% of category)
<b>Research and Clinical Development Objectives:</b>	50%	42.5%
Milestones related to the submission of INDs		
Advance preclinical pipeline of ZFP Therapeutics		(85% of category)
Other research and clinical development objectives related to manufacturing and regulatory activities		
<b>Business/Corporate Development Objectives:</b>	15%	15%
Evaluate and complete at least one ZFP Therapeutic corporate partnership		
Evaluate, license or acquire additional technologies or synergistic products		(100% of category)
<b>Research Objectives:</b>	10%	10% + 2.5% bonus
Advance prioritized ZFP Therapeutic research programs		
Secure new grant funding to support preclinical programs		(125% of category)
Achieve all development deliverables under the agreements with Shire and Biogen		
Other research objectives		
<b>Finance and Organizational Objectives:</b>	5%	5%
Conclude 2015 with more than \$180.0 million in cash and cash equivalents, excluding cash from new corporate partnerships or financing activities		(100% of category)
<b>Total</b>	<b>100%</b>	<b>85%</b>

The Compensation Committee determined that the Company's performance for the 2015 year resulted in total achievement of 85% of the weighted objectives (see table above for specific objective achievement). The Compensation Committee determined the level of achievement of the Business/Corporate Development Objectives, the Research Objectives and the Finance and Organizational Objectives, based on the results achieved by the Company in executing those objectives, as described above under the heading 2015 Business Highlights. In addition, the Compensation Committee determined that Dr. Ando met his individual performance goals at 90% (or 18% of the 20% for that category).

The Compensation Committee retains the discretion each year to grant supplemental bonuses under the Incentive Plan to named executive officers that are above or below the established target based on the above criteria and its subjective assessment of each named executive officer's performance. No such discretionary bonuses were awarded for 2015.

The table below sets forth the target and actual cash incentive program awards for our named executive officers based on the Company's performance in the 2015 year, and for Drs. Ando, achievement of individual performance objectives:

Name	Target Award	Actual Award
Edward O. Lanphier II	\$ 405,000	\$ 344,250
H. Ward Wolff	\$ 166,000	\$ 141,100
Geoffrey M. Nichol, M.B., Ch.B.	\$ 211,500	\$ 179,775
Dale G. Ando, M.D.	\$ 157,500	\$ 135,450

*Equity Compensation*

The Company has historically granted stock options to its executives, and to all of its employees, to provide long-term incentives that align the interests of its work force with the achievement of the Company's long-term vision to develop and commercialize pharmaceutical products and with the interests of the Company's stockholders. Given the time periods involved in pharmaceutical development, the Company believes that these long-term incentives are critical to the Company's success. The exercise price for options granted by the Company is equal to the closing price of the Company's stock on the option grant date. Accordingly, stock options produce realizable value to the holder only if the Company's stock price increases over the period of time that the award remains outstanding. Option grants are typically subject to a four year vesting schedule with 25% of the grant vesting on the first anniversary of the grant and then monthly thereafter for the next three years.

The Compensation Committee began awarding RSUs to its executive officers and certain employees beginning in December 2011. The committee made that change for a number of reasons, including reducing the dilutive effect of the incentive equity awards made to management, making the Company's equity compensation practices competitive with the Company's peer group and providing additional retention incentive. Each RSU entitles the recipient to one share of our common stock at a designated issue date following the vesting of that unit, without the payment of an exercise price or other cash consideration for the issued share.

Based on the advice of Radford and its review of peer group data, for several years the Compensation Committee has generally awarded equity packages consisting of both RSU awards and stock options. The Compensation Committee believes that an equity package utilizing both RSU awards and stock options enables the committee to balance the positive and negative attributes of each type of equity award. For example, stock options are generally considered to have a stronger pay-for-performance component since the awards result in realizable value to the executive only if the company's stock price increases over time. For this reason, higher numbers of option shares are generally awarded by companies, increasing stockholder dilution, but also providing a greater return to the executive when the company's stock price increases. RSUs retain value when the company's stock price decreases, and accordingly are considered to have a stronger retention value, particularly in volatile markets. Because RSUs retain value when the stock price decreases, companies generally award smaller numbers of RSUs than they would stock options, thereby resulting in less stockholder dilution. Consistent with the awards made in past years, the equity awards in 2015 were granted with a 2:1 award ratio of stock options to RSUs. The approximate mix awarded to the executive officers in 2015 was 50% stock options and 50% RSUs.

The following equity awards were granted to our named executive officers by the Compensation Committee effective December 8, 2015:

Name	Number of Option	Number of
	Shares at an Exercise Price Per Share of \$9.41	Restricted Stock Units
Edward O. Lanphier II	250,000	125,000
H. Ward Wolff	75,000	37,500
Geoffrey M. Nichol, M.B., Ch.B.	75,000	37,500
Dale G. Ando, M.D.	50,000	25,000

The committee generally targets equity compensation values for the Company's officers in the range of the 50<sup>th</sup> to 75<sup>th</sup> percentile of the market data derived by Radford from the comparator group. However, the equity award value for a specific executive officer may be targeted below or above the range based on individual performance, experience, skills and the importance of the executive's position to the Company. As a result of the strength of our current executive team as measured against those factors, the equity award values of our executive officers were at in the 50<sup>th</sup> percentile range, except for the equity award value of our Chief Executive Officer, which was in the range of the 75<sup>th</sup> percentile.

The stock options awarded in December 2015 are subject to a four year vesting schedule with 25% of the grant vesting on the first anniversary of the grant and then monthly thereafter for the next three years. The RSUs awarded in December 2015 vest and the underlying shares of common stock will become issuable in three successive equal annual installments measured from the grant date. The equity awards granted to Messrs. Lanphier and Wolff and Dr. Nichol are subject to accelerated vesting in whole or in part in the event the officer's employment terminates under certain circumstances or upon certain changes in control or ownership of the Company.

Because our executive officers have generally retained their equity awards for significant time periods, thereby aligning the interests of our executive officers with the interests of our stockholders, we have not adopted a policy requiring our executive officers to hold their equity awards for any designated period of time.

Equity awards are granted to all employees, including executives, when they are hired, and employees are eligible for additional equity awards in connection with annual performance reviews in December of each year. New hire equity awards are generally pre-authorized and become effective on the employee's start date, with the exercise price of any stock option grants set at the closing price of the Company's stock on that date.

#### *Employment Agreements*

The Company has entered into an employment agreement with Messrs. Lanphier and Wolff and with Dr. Nichol. These agreements provide financial protection against the potential loss of employment in designated circumstances, which the Compensation Committee believes will allow the executives to focus attention on the best interests of the stockholders, without undue concern as to the executive's own financial situation. None of our employment agreements contain a tax gross-up. The Compensation Committee has been advised that the benefits provided under these agreements are consistent with both peer company and broader market practices, and are fair and reasonable.

A summary of the material terms of the employment agreements with Messrs. Lanphier and Wolff and with Dr. Nichol, together with a quantification of the benefits available under those agreements, may be found in the section of the Proxy Statement entitled "Employment Contracts and Change in Control Arrangements."

#### *Other Elements of Executive Compensation Program*

The remaining elements of the Company's executive compensation program, like its broader employee compensation programs, are intended to make the Company's overall compensation program competitive with those of its peer companies, keeping in mind the constraints imposed by the Company's reliance on the capital markets as the primary source of its cash needs. With the exception of the employment agreements between the Company and the Company's President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and Executive Vice President, Research and Development, all of the remaining elements of the Company's executive compensation program (401(k) Plan, Medical, Dental, and Vision Plans, Life and Disability Insurance, and Employee Stock Purchase Plan) are available to all Company employees. Under the terms of the Company's Employee Stock Purchase Plan and the Internal Revenue Code, as a beneficial owner of more than 5% of the Company's outstanding common stock, Mr. Lanphier is not eligible to participate in that plan.

#### *Allocations between Base Salary, Cash Incentive Bonus and Equity Compensation for Executives and Risk-Taking*

As discussed above, the development and commercialization of pharmaceutical products involves a high degree of risk, particularly in the early stages of clinical development.

The Company has sought to align equity and cash components with industry peers in order to offer compensation packages that enable us to attract and retain talented employees, including those in the Company's executive ranks. The Compensation Committee continues to evaluate the relative importance of equity and cash components of total compensation.



The Company does not believe that the performance-based nature of the executive compensation program encourages excessive risk-taking by its executive officers that would threaten the economic viability of the Company. Some clinical milestones under the cash incentive program each year are generally focused on the achievement of a specific milestone, rather than a successful outcome. The Compensation Committee believes that this strategy protects against the potential of near-term incentives to encourage excessive risk taking. In addition, long-term equity awards tied to the value of the Company's common stock represent a significant component of an executive officer's total direct compensation, as evidenced by the compensation breakdown contained in the Summary Compensation Table that follows. Those awards promote a commonality of interest between the executive officers and the Company's stockholders in sustaining and increasing stockholder value. Because the equity awards are typically made on an annual basis to the executive officers, those officers always have unvested awards outstanding that could decrease significantly in value if the Company's business is not managed to achieve its long-term goals. Accordingly, the overall compensation structure is not overly-weighted toward near-term incentives, and the Company has taken what it believes are reasonable steps to protect against the potential of disproportionately large near-term incentives that might encourage excessive risk taking.

#### ***Internal Revenue Code Section 162(m)***

Section 162(m) of the Internal Revenue Code disallows a tax deduction to publicly held companies for compensation paid to certain of their executive officers, to the extent that compensation exceeds \$1.0 million per covered officer in any year. The limitation applies only to compensation that is not considered to be performance-based. The stock options granted to our executive officers have been structured with the objective of qualifying those awards as performance-based compensation. The RSUs awarded to our named executive officers will not qualify as performance-based compensation. In addition, the bonuses provided to our named executive officers under the Incentive Plan and any other cash incentive programs will not qualify as performance-based compensation for purposes of Section 162(m). However, we believe that in establishing the cash and equity incentive compensation programs for our executive officers, the potential deductibility of the compensation payable under those programs should be only one of a number of relevant factors taken into consideration, and not the sole governing factor. For that reason, we may deem it appropriate to provide one or more executive officers with the opportunity to earn incentive compensation, whether through cash bonus programs tied to our financial performance or through RSUs tied to the executive officer's continued service, which may, together with base salary, exceed in the aggregate the amount deductible by reason of Section 162(m) or other provisions of the Internal Revenue Code. We believe it is important to maintain cash and equity incentive compensation at the levels needed to attract and retain the executive officers essential to our success, even if all or part of that compensation may not be deductible by reason of the Section 162(m) limitation.

Non-performance-based compensation paid to our executive officers for 2015 exceeded the \$1.0 million limit per covered officer. However, we generated a net loss for the year ended December 31, 2015 and we expect to incur net losses for the foreseeable future. In addition, as of December 31, 2015, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$351.3 million that will begin to expire in 2018. These loss carryforwards defer the impact of any deductions that the Company might lose under Section 162(m) for one or more of those carryforward years. Accordingly, although tax deductions for some amounts that we paid to our named executive officers as compensation for 2015 were limited by section 162(m), that limitation did not result in the current payment by us of increased federal income taxes due to our net loss position as well as our net operating loss carryforwards.

#### ***Advisory Vote on Executive Compensation***

At the 2014 Annual Meeting we conducted our second advisory vote on executive compensation. At such meeting, approximately 82% of the votes cast on the advisory vote proposal were in favor of our named executive officer compensation as disclosed in our proxy statement, and as a result our named executive officer compensation was approved.

The Board of Directors and Compensation Committee reviewed the advisory vote results in the context of our overall compensation philosophy and programs, and based on the level of support, determined that no significant changes to our compensation policies and programs were necessary. The Compensation Committee will continue to take into account future stockholder advisory votes on executive compensation and other relevant market developments affecting executive officer compensation in order to determine whether any subsequent changes to the our executive compensation programs and policies would be warranted to reflect any stockholder concerns reflected in those advisory votes or to address market developments.

We have determined that our stockholders should vote on a say-on-pay proposal every three years, consistent with the preference expressed by our stockholders at the 2011 Annual Meeting. Accordingly, the next stockholder advisory vote on executive officer compensation will occur at the 2017 Annual Meeting

### Summary Compensation Table

The following table provides certain summary information concerning the compensation earned for services rendered in all capacities to the Company and its subsidiaries for the years ended December 31, 2015, 2014 and 2013 by the Company's President and Chief Executive Officer, the Company's Executive Vice President and Chief Financial Officer, the Company's two other most highly compensated executive officers whose total compensation for the 2015 year was in excess of \$100,000 and who were serving as executive officers at the end of that year and one other individual who was an executive officer but whose employment terminated prior to December 31, 2015. No other executive officers who would have otherwise been includable in such table on the basis of total compensation for the 2015 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 executive officers.

Name and Principal Position (a)	Year (b)	Salary (\$) (1) (c)	Bonus (\$) (d)	Stock	Option	Non-Equity	Total (\$) (h)
				Awards (\$) (2) (e)	Awards (\$) (3) (f)	Plan Compensation (\$) (4) (g)	
Edward O. Lanphier II, President and Chief Executive Officer	2015	675,000		1,176,250	1,357,000	344,250	3,552,500
	2014	650,000		1,758,750	2,024,475	351,000	4,784,225
	2013	640,000		909,000	1,283,310	480,000	3,312,310
H. Ward Wolff, Executive Vice President and Chief Financial Officer	2015	415,000		352,875	407,100	141,100	1,316,075
	2014	405,000		527,625	607,343	145,800	1,685,768
	2013	400,000		424,200	598,878	200,000	1,623,078
Geoffrey M. Nichol, M.B., Ch.B., Executive Vice President, Research and Development	2015	470,000		352,875	407,100	179,775	1,409,750
	2014	460,000		527,625	607,343	186,300	1,781,268
	2013	453,500		424,200	598,878	255,094	1,731,672
Philip D. Gregory, D. Phil., Senior Vice President, Research and Chief Scientific Officer (5)	2015	225,863					225,863
	2014	425,000		527,625	607,343	142,800	1,702,768
	2013	385,000		424,200	598,878	168,438	1,576,516
Dale G. Ando, MD, Vice President, Therapeutic Development and Chief Medical Officer	2015	450,000		235,250	271,400	135,450	1,092,100
	2014	440,000		351,750	404,895	143,220	1,339,865
	2013	437,500		278,760	393,548	186,813	1,296,621

- (1) The amounts in column (c) include amounts deferred under the Company's 401(k) Plan, a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code.
- (2) The amounts in column (e) reflect the aggregate grant date fair value of the RSUs awarded to the named executive for the applicable year, calculated in accordance with FASB Accounting Standards Codification Topic 718, or ASC 718, *Compensation - Stock Compensation*, without taking into account any estimated forfeitures. The assumptions used in the calculation of the grant date fair value of each RSU award are included in Note 4 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on February 18, 2016.
- (3) The amounts in column (f) represent the aggregate grant date fair value of the stock option grants for each indicated year in accordance with ASC 718. The assumptions used in the calculation of the grant date fair values of each option grant are included in Note 4 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on February 18, 2016.
- (4)

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The amounts in column (g) reflect the cash awards made to the named executive officers under the Company's non-equity incentive plan that was in effect for the indicated year.

(5) Dr. Gregory's employment terminated in June 2015.

## Grants of Plan-Based Awards

The following table provides certain summary information concerning each grant of an award made to a named executive officer in the 2015 year under a compensation plan.

Name	Grant Date	Potential Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (6)	All Other Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option or Stock Awards (\$/SH)	Grant Date Fair Value (\$)
		Threshold (\$ (1))	Target (\$ (2))	Maximum (\$ (1))				
Edward O. Lanphier II	12/08/15	283,500	405,000	810,000	125,000(4)	250,000(4)	9.41	1,176,250
	12/08/15							1,357,000
H. Ward Wolff	12/08/15	116,200	166,000	332,000	37,500(5)	75,000(5)	9.41	352,875
	12/08/15							407,100
Geoffrey M. Nichol, M.B., Ch. B.	12/08/15	148,050	211,500	423,000	37,500(5)	75,000(5)	9.41	352,875
	12/08/15							407,100
Dale G. Ando, M.D.	12/08/15	88,200	157,500	291,375	25,000	50,000	9.41	235,250
	12/08/15							271,400
Philip D. Gregory, D. Phil.		88,200	157,500	291,375				

- (1) The Company was required to achieve the corporate performance objectives at an aggregate rate of at least 70% of for any bonuses to become payable. If the applicable performance goals were attained at a level between threshold and target, the potential bonus would be in a dollar amount interpolated on a straight line basis between the threshold and the indicated target bonus amount. If performance goal attainment were above the target level, then the potential bonus would be increased above the indicated target bonus amount to reflect the extent to which the target goals were exceeded as deemed appropriate by the Compensation Committee up to a maximum of 200% of target. For Drs. Ando and Gregory, 20% of the target bonus payable was conditioned on the achievement of individual performance objectives. The maximum achievement for Drs. Ando and Gregory's individual performance objectives was 125% of target, or \$39,375.
- (2) Reflects the potential payouts under the Company's non-equity incentive plan based on the Company's attainment of certain research and development, operational and financial goals at target level and for Drs. Ando and Gregory certain individual goals at target level. For more information regarding the non-equity incentive plan, please see the section entitled "Cash Incentive Bonus for 2015" in the Company's Compensation Discussion and Analysis.
- (3) The reported option was granted under the Company's 2013 Stock Incentive Plan and will vest and become exercisable in accordance with the following schedule: twenty-five percent of the option shares will vest and become exercisable on the one year anniversary of the option grant date and the remaining option shares will vest and become exercisable in thirty-six equal monthly installments over the thirty-six month period measured from the first anniversary of the option grant date, provided the optionee continues to provide services to the Company through each applicable vesting date.
- (4) The reported stock option and RSU awards granted to Mr. Lanphier will immediately vest in whole or in part on an accelerated basis upon a change in control of the Company or upon the termination of his employment with the Company under certain circumstances, as described in the section below entitled "Employment Contracts and Change in Control Agreements."
- (5) The reported stock option and RSU awards granted to Mr. Wolff and Dr. Nichol will immediately vest on an accelerated basis upon the termination of their employment with the Company in connection with a change in control of the Company, as described under the heading "Employment Contracts and Change in Control Agreements."

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- (6) Represents an RSU award granted under the Company's 2013 Stock Incentive Plan. The units are structured to vest in three successive equal annual installments over the 3-year period measured from the grant date, provided the executive officer continues to provide services to the Company through each applicable vesting date.

### Outstanding Equity Awards at Year-End

The following table provides certain summary information concerning outstanding equity awards held by the named executive officers as of December 31, 2015.

Name (a)	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1) (c)	Option Exercise Price (\$) (d)	Option Expiration Date (e)	Number of Shares or units of stock that have not vested (#) (f)	Market Value of shares or units of stock that have not vested (\$) (7) (g)
Edward O. Lanphier II		250,000(2)	9.41	12/07/2025	125,000(4)(2)	1,141,250
	62,500	187,500(2)	14.07	12/10/2024	83,333(5)(2)	760,830
	75,000	75,000(2)	12.12	12/11/2023	25,000(6)(2)	228,250
	187,500	62,500(2)	5.41	12/05/2022		
	300,000		5.70	12/08/2020		
	300,000		5.35	12/07/2019		
	350,000		3.45	12/10/2018		
	250,000		13.98	12/12/2017		
H. Ward Wolff	25,000		6.82	12/13/2016		
		75,000(3)	9.41	12/07/2025	37,500(4)(3)	342,375
	18,750	56,250(3)	14.07	12/10/2024	25,000(5)(3)	228,250
	35,000	35,000(3)	12.12	12/11/2023	11,666(6)(3)	106,511
	67,500	22,500(3)	5.41	12/05/2022		
	150,000		5.70	12/08/2020		
	200,000		5.35	12/07/2019		
	112,000		3.45	12/10/2018		
Geoffrey M. Nichol, M.B., Ch.B.	280,000		14.27	12/03/2017		
		75,000(3)	9.41	12/07/2025	37,500(4)(3)	342,375
	18,750	56,250(3)	14.07	12/10/2024	25,000(5)(3)	228,250
	35,000	35,000(3)	12.12	12/11/2023	11,666(6)(3)	106,511
	82,500	27,500(3)	5.41	12/05/2022		
Philip D. Gregory, D. Phil. (8) Dale G. Ando, M.D.	300,000		5.94	07/10/2021		
		50,000	9.41	12/07/2025	25,000(4)	228,250
	12,500	37,500	14.07	12/10/2024	16,666(5)	152,161
	23,000	23,000	12.12	12/11/2023	7,666(6)	69,991
	52,500	17,500	5.41	12/05/2022		
	100,000		5.70	12/08/2020		
	100,000		5.35	12/07/2019		
	50,798		3.45	12/10/2018		
	100,000		13.98	12/12/2017		





- (1) Each of the options reported above as being wholly or partially unexercisable for the underlying shares of the Company's common stock will vest and become exercisable for the total number of shares subject to that option at the time of grant as follows: twenty-five percent of the total number of option shares on the one year anniversary of the option grant date and the balance of the option shares in thirty-six successive equal monthly installments over the thirty-six month period measured from the first anniversary of the option grant date, provided the optionee continues in the Company's service through each applicable vesting date. Accordingly, the vesting schedule for the unexercisable options reported for each named executive officer is determined by applying such vesting schedule to the total number of shares for which each such option was granted. The table below indicates the total number of shares for which each such reported option was granted and the number of shares for which that option has been exercised prior to January 1, 2016. Each option listed below corresponds to the option in the above table that has an expiration date ten (10) years later than the grant date of the option listed below:

Name	Option Grant Date	Total Number of Option Shares on Grant Date	Number of Option Shares Exercised Before January 1, 2016
Edward O. Lanphier II	12/12/13	150,000	
	12/11/14	250,000	
	12/08/15	250,000	
H. Ward Wolff	12/12/13	70,000	
	12/11/14	75,000	
	12/08/15	75,000	
Geoffrey M. Nichol, M.B., Ch.B.	12/12/13	70,000	
	12/11/14	75,000	
	12/08/15	75,000	
Dale G. Ando, M.D.	12/12/13	46,000	
	12/11/14	50,000	
	12/08/15	50,000	

- (2) Each of these awards will vest on an accelerated basis upon a change in control of the Company, as described under the heading "Employment Contracts and Change in Control Agreements".
- (3) Each of these awards will vest on an accelerated basis upon termination of employment with the Company under certain circumstances in connection with a change in control of the Company, as described under the heading "Employment Contracts and Change in Control Agreements".
- (4) Represents an RSU award granted on December 8, 2015. The units are structured to vest in three successive equal annual installments over the 3-year period measured from the grant date, provided the executive officer continues to provide services to the Company through each applicable vesting date.
- (5) Represents an RSU award granted on December 11, 2014. The units are structured to vest in three successive equal annual installments over the 3-year period measured from the grant date, provided the executive officer continues to provide services to the Company through each applicable vesting date.
- (6) Represents an RSU award granted on December 12, 2013. The units are structured to vest in three successive equal annual installments over the 3-year period measured from the grant date, provided the executive officer continues to provide services to the Company through each applicable vesting date.
- (7) Based on the \$9.13 closing price of the Company's common stock on December 31, 2015.
- (8) Dr. Gregory's employment terminated in June 2015. All awards subsequently have been canceled and cease to exist as of December 31, 2015.



### Option Exercises and Stock Vested

The following table sets forth for each of the named executive officers the number of shares of the Company's common stock acquired and the value realized upon the vesting of RSU awards and on each exercise of stock options during the year ended December 31, 2015:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) (1)	Number of Shares vested (#)	Market Value of shares or units of stock that have vested (\$) (2)
(a)	(b)	(c)	(d)	(e)
Edward O. Lanphier II	175,000	1,187,700	126,667	1,127,070
H. Ward Wolff	90,000	799,982	39,167	346,870
Geoffrey M. Nichol, M.B., Ch.B.			42,500	377,333
Philip D. Gregory, D. Phil.	230,500	1,062,272		
Dale G. Ando, M.D	60,000	888,141	27,667	245,516

- (1) Value realized is determined by multiplying (i) the amount by which the market price of the common stock on the date of exercise exceeded the exercise price by (ii) the number of shares for which the options were exercised.
- (2) Value realized is determined by multiplying the number of shares of common stock vested on the date of vesting by the market price of the common stock on such date.

#### Pension Benefits

The Company does not sponsor a tax-qualified defined benefit retirement plan or a supplemental executive retirement plan.

#### Nonqualified Deferred Compensation

The Company does not sponsor a nonqualified deferred compensation plan.

#### Risk Assessment of Compensation Policies and Practices

The Company's compensation programs throughout the organization are designed to maintain an appropriate balance between long-term and near-term incentives by utilizing a combination of compensation components, including base salary, annual cash incentive awards, and long-term equity awards. Although not all employees in the organization may have compensation comprised of all three of those components, the compensation programs are generally structured so that any near-term cash incentives are not likely to constitute the predominant element of an employee's total compensation. Under the annual cash incentive program, the target bonuses for the named executive officers range from 35% to 60% of base salary, with a maximum bonus potential set at 200% of the target bonus based on attainment of corporate objectives. 100 percent of the bonus for our named executive officers (other than Drs. Ando and Gregory) for the 2015 year is tied to corporate performance goals; there are four categories of performance criteria, each with a number of goals that are intended to further the attainment of the Company's long term goals and sustain stockholder value, with the bonus potential allocated among the various goals based on the importance of the goal to the Company's success with a maximum bonus potential of 200% of target bonus. For Drs. Ando and Gregory, 80% of the bonus was tied to corporate performance goals and 20% tied to a number of individual goals with a maximum bonus potential of 125% based on target allocated to individual goals. We believe this structure based on a number of different performance measures mitigates any tendency for an executive to focus exclusively on any specific metrics. For this reason, the Company does not believe that its near-term incentive compensation programs are reasonably likely to encourage excessive risk-taking by the participants in those programs. Each of the named

executive officers receives equity compensation in the form of stock options and restricted stock unit awards that derive their value from the market price of the Company's common stock, and the value of those awards increase as the price of the common stock appreciates and stockholder value is thereby created. Accordingly, the equity component is structured so as to encourage long-term growth and appreciation in the value of the Company's business and stock price. For a discussion of the primary components of the compensation for the Company's executive officers and the Company's risk assessment of the compensation programs for its executive officers, please see the section above entitled "Executive Compensation and Related Information - Compensation Discussion and Analysis" including the section "Allocations between Base Salary, Cash Incentive Bonus and Equity Compensation for Executives and Risk Taking".

## **Employment Contracts and Change in Control Arrangements**

### ***Chief Executive Officer Employment Agreement***

In June 2011 the Company entered into an amended and restated employment agreement with Edward O. Lanphier II, our President and Chief Executive Officer. Pursuant to the terms of the agreement, Mr. Lanphier will receive an annual base salary and a potential cash bonus, each in an amount or at a rate determined annually by the Compensation Committee. In the event (a) Mr. Lanphier terminates his employment due to a material reduction of his duties, responsibilities or authority, a material reduction in his base salary (except pursuant to certain pay reductions uniformly applied to the Company's management) or a relocation of his principal place of employment to a location more than 40 miles from his home and from the Company's headquarters, (b) Mr. Lanphier is terminated by the Company without cause, or (c) Mr. Lanphier's employment agreement is not assumed or otherwise continued in effect by the acquiring entity following a change in control of the Company, he will be entitled to receive the following severance benefits, provided he timely executes a general release of claims against the Company, which becomes effective and enforceable: (i) a lump sum cash payment in an amount equal to the sum of (a) two times his annual base salary at the rate in effect on his termination date, (b) a prorated portion of Mr. Lanphier's target bonus for the year of termination based upon the time elapsed between December 31 of the preceding year and his termination date, and (c) his target bonus for the year in which such termination occurs; (ii) reimbursement of his health care coverage costs under COBRA for a period of twelve months; (iii) an additional twenty-four months of service vesting credit for each of his stock options outstanding at the time of his termination, and all of his vested options will remain exercisable for up to a three-year period measured from his termination date; and (iv) the Company will provide him with certain information technology services for up to a twenty-four month period. Upon a change in control of the Company all of Mr. Lanphier's outstanding stock options will vest in full, and such options will remain exercisable for all the option shares for up to a three-year period measured from the date of the change of control or (if later), his termination date. Mr. Lanphier's severance benefits will be subject to reduction to the extent doing so would put him in a better after-tax position after taking into account any excise tax he may incur under Internal Revenue Code Section 4999 in connection with any change in control of the Company or his subsequent termination of employment.

### ***Executive Vice President Employment Agreements***

In November 2007 the Company entered into an employment agreement with H. Ward Wolff, our Executive Vice President and Chief Financial Officer, which was amended and restated in December 2008 and December 2011 in order to implement technical changes. Pursuant to the terms of the agreement, Mr. Wolff's annual base salary is set at a minimum of \$375,000, subject to adjustment by the Compensation Committee from time to time, and he is eligible to receive a bonus of up to 40% of his base salary each calendar year. However, the bonus will be payable only upon the achievement of specific performance criteria to be established by the Compensation Committee.

In June 2011 the Company entered into an employment agreement with Dr. Geoffrey M. Nichol, our Executive Vice President, Research and Development. Pursuant to the terms of the Employment Agreement,

Dr. Nichol's annual base salary is set at a minimum of \$425,000, subject to adjustment by the Compensation Committee from time to time, and he is eligible to receive a bonus of up to 40% of his base salary for his performance each calendar year. The bonus will be based upon the achievement of specific performance criteria to be established by the Compensation Committee.

Pursuant to the terms of the employment agreements with Mr. Wolff and Dr. Nichol, if the Company terminates Mr. Wolff's or Dr. Nichol's employment without cause, or Mr. Wolff or Dr. Nichol terminates his employment for good reason, within 12 months following a change in control and Mr. Wolff or Dr. Nichol executes a general release of all claims in favor of the Company, then Mr. Wolff or Dr. Nichol will receive the following severance benefits: (i) a severance payment equal to his annual base salary in effect on his termination date plus his target bonus for the year in which such termination occurs, (ii) for Mr. Wolff, reimbursement of his health care coverage costs under COBRA for up to twelve months, and for Dr. Nichol, a lump-sum cash payment in the amount of \$25,000, (iii) accelerated vesting of all of his outstanding equity awards and (iv) for Mr. Wolff, a one-year period measured from his termination date to exercise any outstanding options for all the option shares, but in no event will any such option remain exercisable following the expiration of the maximum option term. If the Company terminates Mr. Wolff's or Dr. Nichol's employment without cause, or Mr. Wolff or Dr. Nichol terminates his employment for good reason, in the absence of a change in control or more than 12 months after a change in control and Mr. Wolff or Dr. Nichol executes a general release of all claims in favor of the Company, then Mr. Wolff or Dr. Nichol will receive (i) salary continuation payments for a twelve month period following his termination date at his rate of base salary in effect on his termination date and (ii) for Mr. Wolff, reimbursement of his health care coverage costs under COBRA for up to twelve months, and for Dr. Nichol, a lump-sum cash payment in the amount of \$25,000.

### ***2013 Plan***

The Compensation Committee of the Board of Directors, as the administrator of the 2013 Plan, has the authority to provide that any outstanding options held by the Chief Executive Officer or any other executive officer or any other unvested equity award made to such individual under the 2013 Plan will vest on an accelerated basis in connection with certain changes in control of the Company or the subsequent termination of the officer's employment following the change in control event. In addition, all outstanding options and RSUs under the Company's 2013 Plan will immediately vest upon a change in control, to the extent not assumed or continued in effect by the successor entity or replaced with an incentive compensation program which preserves the intrinsic value of the award at that time and provides for the subsequent vesting and concurrent payout of that value in accordance with the pre-existing vesting schedules for those awards.

RSUs awarded to Mr. Lanphier on December 12, 2013, December 11, 2014, and December 8, 2015, provide that in the event (a) Mr. Lanphier terminates his employment due to a material reduction of his duties, responsibilities or authority, a material reduction in his base salary (except pursuant to certain pay reductions uniformly applied to the Company's management) or a relocation of his principal place of employment to a location more than 40 miles from his home and from the Company's headquarters, or (b) Mr. Lanphier is terminated by the Company without cause Mr. Lanphier will receive an additional 24 months of service vesting credit under each outstanding RSU award, and the RSUs that vest as a result will become issuable at such time. In addition, upon a change in control of the Company all of Mr. Lanphier's outstanding RSUs under his December 12, 2013, December 11, 2014, and December 8, 2015 award will vest in full, and will become issuable at such time.

### ***Incentive Compensation Plan***

The Company's Incentive Compensation Plan (the "Incentive Plan") is a performance-based cash bonus program for the Company's executive officers. Pursuant to the terms of the Incentive Plan, should a change in control transaction be consummated prior to the completion of a performance period that has been implemented under the Incentive Plan, then the performance period will terminate upon the consummation of that change in

control and each participant in the Incentive Plan will receive a bonus in the dollar amount previously set by the Compensation Committee at target level attainment of each performance objective; however such bonus will be pro-rated to reflect each participant's actual period of service from the start date of the performance period through the effective date of the change in control. Any pro-rated bonus paid pursuant to the terms of the Incentive Plan will reduce the amount of any severance payable to the participant based on the participant's target bonus pursuant to the terms of any employment agreement. The 2015 bonus program adopted for the 2015 year under the Incentive Plan is summarized in detail under the heading "Cash Incentive Bonus for 2015" in the Compensation Discussion and Analysis section of this Proxy Statement.

#### *Quantification of Benefits*

The charts below quantify the potential payments our executive officers would receive under various scenarios. The value attributed to the accelerated vesting of equity awards represents the intrinsic value of each stock option or RSU award vesting on an accelerated basis in connection with the identified triggering event, which is assumed to occur on December 31, 2015. The intrinsic value is calculated by multiplying (i) the aggregate number of shares which vest on an accelerated basis by (ii) the amount by which the \$9.13 closing selling price per share of the Company's common stock on December 31, 2015, exceeds the exercise price or other issue price (if any) payable per vested share.

#### *Quantification of Benefits Upon Termination in the Absence of a Change in Control*

The chart below quantifies the compensation Mr. Lanphier, Mr. Wolff and Dr. Nichol would have each received had their employment terminated in the absence of a change in control of the Company but under circumstances entitling them to severance benefits under their employment agreements:

Name	Salary Continuation	Bonus	Other Lump-Sum Cash Payment	COBRA	Accelerated Vesting of Equity Awards	Information Technology Services
Edward O. Lanphier II	\$ 1,350,000	\$ 810,000		\$ 26,693	\$ 6,070,080	\$ 40,000
H. Ward Wolff	\$ 415,000			\$ 26,693		
Geoffrey M. Nichol, M.B.,Ch.B.	\$ 470,000		\$ 25,000			

#### *Quantification of Benefits Upon a Change in Control*

The chart below quantifies the compensation Mr. Lanphier would have received pursuant to his employment agreement upon a change in control of the Company in which his outstanding equity awards and his employment agreement are assumed or otherwise continued in effect.

Name	Accelerated Equity
Edward O. Lanphier II	\$ 7,269,080

The chart below quantifies the value of the accelerated equity the named executive officers are entitled to receive upon a change in control of the Company in which their outstanding equity awards are not assumed or otherwise continued in effect.

Name	Accelerated Equity
Edward O. Lanphier II	\$ 7,269,080
H. Ward Wolff	\$ 2,918,596
Geoffrey M. Nichol, M.B.,Ch.B.	\$ 2,043,336
Dale G. Ando, M.D.	\$ 1,720,334

The chart below quantifies the cash award each named executive officer would have received under the Incentive Plan for the 2015 year in connection with a change in control of the Company on the assumed date:

Name	Incentive Plan Award
Edward O. Lanphier II	\$ 405,000
H. Ward Wolff	\$ 166,000
Geoffrey M. Nichol, M.B., Ch.B.	\$ 211,500
Dale G. Ando, M.D.	\$ 157,500

*Quantification of Benefits Upon Termination in Connection With a Change in Control*

The chart below quantifies the payments Mr. Lanphier, Mr. Wolff and Dr. Nichol would each have received had their employment terminated in connection with a change in control under circumstances entitling them to severance benefits under their employment agreements.

Name	Salary Continuation	Bonus (1)	Other Lump-Sum Cash Payment	Accelerated Vesting of Equity Awards	COBRA	Information Technology Services
Edward O. Lanphier II	\$ 1,350,000	\$ 405,000		\$ 7,269,080	\$ 26,693	\$ 40,000
H. Ward Wolff	\$ 415,000			\$ 2,918,596	\$ 26,693	
Geoffrey M. Nichol, M.B., Ch.B.	\$ 470,000		\$ 25,000	\$ 2,043,336		

- (1) The pro-rated bonus paid pursuant to the terms of the Incentive Plan (as quantified in the chart above) will reduce the amount of any severance payable based on the participant's target bonus pursuant to the terms of any employment agreement. The amounts reflected in the chart reflect the payments as reduced.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2015, with respect to the shares of the Company's common stock that may be issued under the Company's existing equity compensation plans. There are no outstanding options that the Company has assumed in connection with its acquisition of other companies, and there are currently no assumed plans under which the Company can grant options.

Plan Category	Column (A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Restricted Stock Units and Other Rights	Column (B) Weighted Average Exercise Price of Outstanding Options	Column (C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Stockholders (1)	9,008,185(2)(3)	\$ 9.24(4)	5,800,784(5)(6)
Equity Compensation Plans Not Approved by Stockholders		N/A	
<b>Total</b>	<b>9,008,185</b>	<b>\$ 9.24</b>	<b>5,800,784</b>

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- (1) Consists of the 2013 Stock Incentive Plan (the 2013 Plan ) and the 2010 Employee Stock Purchase Plan (the Purchase Plan ).
- (2) Includes 830,817 shares subject to RSUs that will entitle the holder to one share of common stock for each unit that vests over the holder s period of continued service with the Company.
- (3) Excludes purchase rights accruing under the Purchase Plan. Under the Purchase Plan, each eligible employee may purchase up to 2,000 shares of common stock at semi-annual intervals on the last U.S. business day of April and October each year at a purchase price per share equal to 85% of the lower of



(i) the closing selling price per share of common stock on the employee's entry date into the two-year offering period in which that semi-annual purchase date occurs or (ii) the closing selling price per share on the semi-annual purchase date.

- (4) The calculation does not take into account the 830,817 shares of common stock subject to outstanding RSUs. Such shares will be issued at the time the RSUs vest, without any cash consideration payable for those shares.
- (5) Consists of shares available for future issuance under the Purchase Plan and the 2013 Plan. As of December 31, 2015, 1,292,379 shares of common stock were available for issuance under the Purchase Plan, and 4,508,405 shares of common stock were available for issuance under the 2013 Plan. The 4,508,405 shares available for issuance under the 2013 Plan may be issued upon the exercise of stock options or stock appreciation rights granted under the plan, or those shares may be issued as stock bonuses or pursuant to restricted stock awards or RSUs which vest upon the attainment of prescribed performance milestones or the completion of designated service periods.
- (6) As of December 31, 2015, the maximum number of shares of common stock reserved for issuance under the 2013 Plan and the Purchase Plan was 19,397,808 shares and 2,100,000 shares, respectively. The number of shares of common stock reserved for issuance under the 2013 Plan is reduced: (i) on a 1-for-1 basis for each share of common stock subject to a stock option grant or stock appreciation right award, or pursuant to a full-value award made under the plan before June 12, 2013, and (ii) by a fixed ratio of 1.33 shares of common stock for each share of common stock issued pursuant to a full-value award made under the plan on or after June 12, 2013.

#### **Board Compensation Committee Report on Executive Compensation**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management, and based on such review and such discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis, as contained herein, be included in this Proxy Statement.

Submitted by the Compensation

Committee of the Board of Directors

Dr. Mento

Mr. Larson

Mr. Ringo

#### **Board Audit Committee Report**

*The information contained in this report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended.*

The following is the report of the Audit Committee with respect to the Company's audited financial statements for the fiscal year ended December 31, 2015, included in the Annual Report on Form 10-K for that year.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2015 with the management of the Company.

The Audit Committee has discussed with Sangamo's independent registered public accounting firm, Ernst & Young LLP, the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees*, or any successor standard.

The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP its independence from Sangamo.

Based on the review and discussions referred to above in this report, the Audit Committee recommended to Sangamo's Board of Directors that the audited financial statements be included in Sangamo's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the Securities and Exchange Commission.

Submitted by the Audit

Committee of the Board of Directors

Mr. Cleveland

Ms. Parker

Ms. Ramasastry

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

In addition to the indemnification provisions contained in Sangamo's Restated Certificate of Incorporation, Sangamo has entered into separate indemnification agreements with each of its directors and officers containing provisions which may require Sangamo, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as officers or directors.

#### **POLICIES AND PROCEDURES**

Consistent with the requirement under NASDAQ listing rules, the Audit Committee of the Board of Directors is responsible for reviewing and approving all related party transactions as defined under SEC rules and regulations. While we do not have a formal written policy or procedure for the review, approval or ratification of related party transactions, the Audit Committee must review the material facts of any such transaction and approve that transaction.

To identify related party transactions, each year we submit and require our directors and officers to complete director and officer questionnaires identifying transactions with the Company in which the director or officer or their family members have a conflict of interest. The Company reviews the questionnaire for potential related party transactions. In addition, at meetings of the Audit Committee, management may recommend related party transactions to the committee, including the material terms of the proposed transactions, for its consideration. In making its decision to approve or ratify a related party transaction, the Audit Committee will consider all relevant facts and circumstances available to the committee, including factors such as the aggregate value of the transaction, whether the terms of the related party transaction are no less favorable than terms generally available in an arms-length transaction and the benefit of such transaction to us.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The members of the Board of Directors, the executive officers of the Company and persons who beneficially own more than ten percent of the outstanding common stock are subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, which require them to file reports with respect to their beneficial ownership of the common stock and their transactions in such common stock. Based upon (i) the copies of Section 16 reports which the Company received from such persons for their 2015 year transactions in the common stock and their common stock holdings, and (ii) written representation that no other reports were required, the Company believes that all reporting requirements under Section 16 for such year were met in a timely manner by its directors, executive officers and greater than ten percent beneficial owners.

**The Company's Annual Report on Form 10-K for the year ended December 31, 2015, has been provided concurrently with the Notice of Annual Meeting and Proxy Statement to all stockholders entitled to notice of and to vote at the Annual Meeting. The Annual Report on Form 10-K is not incorporated into this Proxy Statement and is not considered proxy soliciting material.**

THE BOARD OF DIRECTORS OF

SANGAMO BIOSCIENCES, INC.

Dated: April 25, 2016

**CERTIFICATE OF AMENDMENT**  
**OF**  
**SEVENTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF**  
**SANGAMO BIOSCIENCES, INC.**

Sangamo BioSciences, Inc., a Delaware corporation (the Corporation), hereby certifies as follows:

1. The Board of Directors of the Corporation duly adopted the following resolutions in accordance with the provisions of the General Corporation Law of the State of Delaware, Section 242:

**RESOLVED**, that Article V, Paragraph 4 of the Seventh Amended and Restated Certificate of Incorporation of the Corporation, as amended from time to time, is hereby amended and restated in its entirety as follows:

*Vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, even if less than a quorum, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been duly elected and qualified.*

2. This amendment to the Seventh Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted by the holders of a majority of the issued and outstanding shares of the Corporation's common stock in accordance with the provisions of the General Corporation Law of the State of Delaware, Section 242, such holders being all of the holders of the Corporation's capital stock entitled to vote thereon.

The Corporation has caused this Certificate of Amendment of the Seventh Amended and Restated Certificate of Incorporation to be signed by the Corporation's President, its authorized officer, on this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

**SANGAMO BIOSCIENCES, INC.**

By:           /s/ EDWARD O. LANPHIER III          

Name: Edward O. Lanphier III

Title: President and Chief Executive Officer

**AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED BYLAWS**

**OF**

**SANGAMO BIOSCIENCES, INC.**

Article IV, Section 13 of the Second Amended and Restated Bylaws of Sangamo Biosciences, Inc. (the Corporation ) shall be amended and restated in its entirety as follows:

Any and all of the directors may be removed from office at any time, with or without cause, if such removal is approved by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of capital stock of the Corporation then entitled to vote in the election of directors.

The Corporation has caused this Amendment No. 1 to be signed by the Corporation's President, its authorized officer, on this      day of      , 2016.

**SANGAMO BIOSCIENCES, INC.**

By:           /s/ EDWARD O. LANPHIER III          

Name: Edward O. Lanphier III

Title: President and Chief Executive Officer

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**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., EST, on June 14, 2016.**

**Vote by Internet**

Go to [www.envisionreports.com/SGMO](http://www.envisionreports.com/SGMO)  
Or scan the QR code with your smartphone  
Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

x

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**A Proposals** The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. To elect eight (8) directors to serve on the Board of Directors for a one-year term ending at the Annual Meeting held in 2017 or until their successors are duly elected and qualified:

s:	For	Against	Abstain	For	Against	Abstain	For	Against	Abstain
ard O. Lanphier II	..	..	..	02 - Robert F. Carey	..	..	03 - Paul B. Cleveland	..	..
hen G. Dilly, B.S., Ph.D.	..	..	..	05 - Steven J. Mento, Ph.D.	..	..	06 - H. Stewart Parker	..	..
a Ramasastry	..	..	..	08 - William R. Ringo	..	..		..	..

	For	Against	Abstain		For	Against	Abstain
2. To approve an amendment to the Company's Certificate of Incorporation and Bylaws to eliminate the provisions prohibiting removal of directors without cause;	..	..	..	3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.	..	..	..

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Meeting Attendance**  
Mark box to the right if you plan to attend the Annual Meeting.

**C Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below  
NOTE: PLEASE SIGN EXACTLY AS NAME APPEARS HEREON. JOINT OWNERS SHOULD EACH SIGN. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, GIVE FULL

NAME AND TITLE AS SUCH.

/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within



**q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q**

**Proxy Sangamo BioSciences, Inc.**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS, JUNE 14, 2016**

The undersigned hereby appoints Edward O. Lanphier II and H. Ward Wolff and each of them, as proxies of the undersigned, with full power of substitution, to vote all shares of Sangamo BioSciences, Inc. Common Stock which the undersigned is entitled to vote on all matters which may properly come before the 2016 Annual Meeting of Stockholders of Sangamo BioSciences, Inc., to be held at 501 Canal Boulevard, Richmond, California 94804 on June 14, 2016 at 9:00 a.m. PDT or at any postponement or adjournment thereof.

**THE SHARES REPRESENTED BY THIS PROXY CARD WILL BE VOTED AS SPECIFIED ON THE REVERSE SIDE, BUT IF NO SPECIFICATION IS MADE THEY WILL BE VOTED FOR ALL NOMINEES, FOR PROPOSALS 2 AND 3 AND AT THE DISCRETION OF THE PROXY ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING.**

**(SEE PROXY STATEMENT FOR DISCUSSION OF ITEMS)**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ACCOMPANYING ENVELOPE.**

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**