

SANGAMO BIOSCIENCES INC
Form DEF 14A
April 21, 2010

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):

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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.. Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

SANGAMO BIOSCIENCES, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 2, 2010

To the Stockholders of Sangamo BioSciences, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Sangamo BioSciences, Inc., a Delaware corporation (the Company or Sangamo), will be held on Wednesday, June 2, 2010, 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 directors to serve on the Board of Directors for a one-year term ending at the Annual Meeting held in 2011 or until their successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2010;
3. To approve the 2010 Employee Stock Purchase Plan (Purchase Plan), pursuant to which 2,100,000 shares of our common stock will be available for issuance; and
4. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on April 9, 2010 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.

You may vote by mailing a completed proxy card, by telephone, or over the Internet. Should you receive more than one Proxy because your shares are registered in different names and addresses, each Proxy should be signed and returned or the shares represented thereby should be voted by telephone or over the Internet to assure that all your shares will be voted. You may revoke your Proxy at any time prior to the Annual Meeting by following the procedure described in this Proxy Statement. If you attend the Annual Meeting and vote by ballot, your Proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

Sincerely,

Edward O. Lanphier II
President and Chief Executive Officer

Richmond, California

April 21, 2010

Important Notice Regarding the Availability of Proxy Materials

For the Stockholder Meeting to be Held on June 2, 2010:

The Proxy Statement and Annual Report on Form 10-K for 2009 are available at:

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 3 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 2, 2010

General

The enclosed Proxy (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 June 2, 2010 (the Annual Meeting). The Annual Meeting will be held at 9:00 a.m. Pacific time at 501 Canal Boulevard, Richmond, California 94804. These Proxy solicitation materials are being mailed on or about April 27, 2010 to all stockholders entitled to vote at the Annual Meeting.

Voting

The specific proposals to be considered and acted upon at the Annual Meeting are summarized in the accompanying Notice and are described in more detail in this Proxy Statement. On April 9, 2010, the record date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, 45,090,286 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 April 9, 2010. Stockholders may not cumulate votes in the election of directors.

Holders of fifty percent (50%) of the outstanding shares of our common stock 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. 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 may not vote on a discretionary basis. One matter to be submitted to stockholder approval at the Annual Meeting, ratification of the appointment of Ernst & Young LLP (Proposal No. 2), is 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 shares. In the election of directors (Proposal No. 1), the eight nominees receiving the highest number of affirmative votes will be elected. Proposal No. 2 and the approval of the 2010 Employee Stock Purchase Plan (Proposal No. 3) each require the approval of the affirmative vote of a majority of the shares of our common stock present or represented and entitled to vote. Abstentions will have no effect on Proposal No. 1 but will be counted in the tabulation of the votes cast on Proposal No. 2 and Proposal No. 3 and will have the same effect as negative votes on that proposal. Broker non-votes for Proposal No. 1 and Proposal No. 3 will not be counted for purposes of determining whether a proposal has been approved and therefore will not have an effect on the outcome of the vote on such proposals. If the persons present or represented by proxy at the Annual Meeting constitute the holders of less than fifty percent (50%) of the outstanding shares of our common stock as of the record date, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Recommendations of the Board of Directors

The Company s Board of Directors (the Board of Directors or the Board) recommends that you vote FOR each of the nominees of the Board of Directors (Proposal No. 1), FOR ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending December 31, 2010 (Proposal No. 2), and FOR the approval of the Purchase Plan (Proposal No. 3).

Voting by Mail, via the Internet or by Telephone

Stockholders whose shares are registered in their own names may vote by mailing a completed proxy card, via the Internet or by telephone. Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. To vote by mailing a proxy card, sign and return the enclosed proxy card in the enclosed prepaid and addressed envelope and your shares will be voted at the Annual Meeting in the manner you direct. In the event no directions are specified, such proxies will be voted FOR the election of each of the nominees (Proposal No. 1), FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's year ending December 31, 2010 (Proposal No.2) and FOR the approval of the Purchase Plan (Proposal No. 3) and in the discretion of the proxy holders as to any other matters that may properly come before the Annual Meeting. You may revoke or change your proxy vote at any time before the Annual Meeting by sending a written notice of revocation or submitting another proxy with a later date to the Inspector of Elections of the Company at the Company's executive offices before the beginning of the Annual Meeting. You may also revoke your proxy vote by attending the Annual Meeting and voting in person.

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

Solicitation

Sangamo will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and any additional solicitation materials furnished to the stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, Sangamo may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, facsimile or other means by directors, officers or employees of 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 2011 must be received no later than December 25, 2010, 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 2011 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 6, 2011.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL ONE:

ELECTION OF DIRECTORS

General

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

Nominees for Term Ending Upon the Annual Meeting of Stockholders in 2011

Edward O. Lanphier II, age 53, the founder of Sangamo BioSciences, Inc., has served as President, Chief Executive Officer and as a member of our Board of Directors since Sangamo's inception in 1995. Mr. Lanphier has over twenty-five years of experience in the pharmaceutical and biotechnology industry. From June 1992 to May 1997, he held various positions at Somatix Therapy Corporation, a gene therapy company, including Executive Vice President, Commercial Development and Chief Financial Officer. Prior to Somatix, Mr. Lanphier was President and Chief Executive Officer of BioGrowth, Inc., a biotechnology company that merged with Celtrix Laboratories to form Celtrix Pharmaceuticals, Inc. in 1991. From 1986 to 1987, Mr. Lanphier served as Vice President of Corporate Development at Biotherapeutics, Inc. From 1984 to 1986 he served as Vice President of Corporate Development at Synergen Inc. Prior to Synergen, he was employed by Eli Lilly and Company, a pharmaceutical company, in the strategic business planning biotechnology group. He currently serves on the board of directors of the Biotechnology Institute. 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 provide the Board with an in-depth understanding of the Company.

Paul B. Cleveland, age 53, has served as a member of our Board of Directors since November 2008 and is Chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee. Mr. Cleveland is currently Executive Vice President, Corporate Development and Chief Financial Officer of Affymax, Inc. 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 chief financial officer of a biotechnology company provides additional insight to the Board of the operational, financial issues and best practices of such companies.

Stephen G. Dilly, M.B.B.S., Ph.D., age 50, has served as a member of our Board of Directors since March 2010. Since 2006, Dr. Dilly has served as President and Chief Executive Officer and a member of the Board of Directors of APT Pharmaceuticals, Inc., a specialty drug company focused on the development of inhaled cyclosporine for the prevention and treatment of chronic rejection in lung transplantation. 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. 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. Dr. Dilly currently serves as a member of the Advisory Board of Phisic Ventures and the National Board of Advisors of the UC Davis Health System. 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.

William G. Gerber, M.D., age 63, has served as a member of our Board of Directors since June 1997 and is Chairman of the Compensation Committee and a member of the Audit Committee. Dr. Gerber is currently an investment partner at Bay City Capital, a life sciences venture capital fund management firm. From September 1999 until its merger into Nanogen, Inc. in December 2004, Dr. Gerber was President, Chief Executive Officer and a Director of Epoch Biosciences, Inc., a biomedical company. From April 1998 to July 1999, he was President of diaDexus LLC, a pharmacogenomics company. Previous to his appointment at diaDexus, he was Chief Operating Officer of Onyx Pharmaceuticals. Before joining Onyx in 1995, Dr. Gerber was with Chiron Corporation, a biotechnology company, where he was President of the Chiron Diagnostics business unit after Chiron's merger with Cetus Corporation in December 1991. He joined Cetus in 1987 as Senior Director of Corporate Ventures and was named Vice President and General Manager of the PCR (Polymerase Chain Reaction) Division in November 1988. Dr. Gerber is on the board of directors of Conatus Pharmaceuticals, Inc., Aviiir, Inc., Nexus Dx, Inc. and Vivaldi Biosciences. Dr. Gerber received B.S. and M.D. degrees from the University of California, San Francisco School of Medicine. Dr. Gerber brings significant experience in both executive and board positions in biotechnology companies and provides medical expertise as well as financial, management, risk assessment and corporate leadership skills to the Board.

John W. Larson, age 74, has served as a member of our Board of Directors since January 1996 and is Chairman of the Nominating and Corporate Governance Committee and a member of the Compensation Committee. Mr. Larson retired as a partner at the law firm of Morgan, Lewis & Bockius LLP in December 2009, which he joined in February 2003. He served as partner at the law firm of Brobeck, Phleger & Harrison LLP (Brobeck) from 1969 until retiring in January 2003, except for the period from July 1971 to September 1973 when he was in government service as Assistant Secretary of the United States Department of the Interior and Counselor to George P. Shultz, Chairman of the Cost of Living Council. From 1988 until March 1996, Mr. Larson was Chief Executive Officer of Brobeck. Mr. Larson serves on the boards of directors of Needham Funds, WageWorks, Inc. and MBA Polymers, Inc. 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, securities law and corporate transactions.

Steven J. Mento, Ph.D., age 58, has served as a member of our Board of Directors since May 2005 and is a member of the Audit Committee and the Nominating and Corporate Governance Committee. He is President and Chief Executive Officer of Conatus Pharmaceuticals Inc. From 1997 to 2005 he was President and Chief Executive Officer of Idun Pharmaceuticals and prior to that, from 1982 to 1992, Dr. Mento held various positions at American Cyanamid Company. His last position was Director of Viral Vaccine Research and Development at Lederle-Praxis Biologicals, a business unit of American Cyanamid Company. In January of 1992, he joined Viagene, Inc. as Vice President of Research and Development. Dr. Mento was responsible for directing the company's transition from basic research through initiation of the first company sponsored Phase I and Phase II clinical trials in the emerging field of gene therapy. In October of 1995, Chiron Corporation acquired Viagene, Inc., and renamed the company Chiron Viagene, Inc. Dr. Mento served as President of Chiron Viagene, Inc. and

Vice President of Chiron Corporation until August of 1997. Dr. Mento currently serves on the boards of BIOCOM, the Biotechnology Industry Organization (BIO), the BIO ECS Governing Body, the BIO Health Section Governing Body, the SDSU BioScience Center Scientific Advisory Board and Cal State San Marcos Advisory Council. Dr. Mento received a Bachelor of Arts, Master of Science, 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.

William R. Ringo, age 64, has served as Chairman of our Board of Directors since April 16, 2010. From April 2008 until his retirement in April 2010, Mr. Ringo was the 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 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. 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 and corporate leadership skills to the Board.

Thomas G. Wiggans, age 58, has served as a member of our Board of Directors since June 2008 and is a member of the Compensation Committee. Mr. Wiggans formerly served as Chairman and Chief Executive Officer of Peplin, Inc., which was acquired by LEO Pharma of Copenhagen, Denmark in November 2009. Prior to joining Peplin he served as Chief Executive Officer of Connetics Corporation, a biotechnology company, from 1994, and as Chairman of the Board from January 2006, until December 2006 when Connetics Corporation was acquired by Stiefel Laboratories. From 1992 to 1994, Mr. Wiggans served as President and Chief Operating Officer of CytoTherapeutics, a biotechnology company. From 1980 to 1992, Mr. Wiggans served in various positions at Ares-Serono Group, a pharmaceutical company, including President of its U.S. pharmaceutical operations and Managing Director of its U.K. pharmaceutical operations. Mr. Wiggans currently serves as a member of the boards of directors of Onyx Pharmaceuticals Inc. and Somaxon Pharmaceuticals, and the Board of Trustees of the University of Kansas Endowment Association. In addition, he is Chairman of the Biotechnology Institute, a non-profit educational organization. Mr. Wiggans received a B.S. in Pharmacy from the University of Kansas and an M.B.A. from Southern Methodist University. Mr. Wiggans brings senior management and governance experience from both biotechnology and pharmaceutical companies and provides valuable operational, financial and corporate leadership skills to the Board.

Board Independence

The Board of Directors has determined that each of its current and nominated directors, except the Chief Executive Officer, is independent under applicable listing standard of NASDAQ.

Board Committees and Meetings

The Board of Directors held ten meetings during the year ended December 31, 2009. The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee and has adopted a written charter for each of these committees. Each director attended or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board on which such director served during 2009.

Audit Committee

The Audit Committee consists of three directors: Mr. Cleveland, Dr. Gerber and Dr. Mento, each of whom is independent under the applicable listing standard of NASDAQ and Securities and Exchange Commission rules. Mr. Cleveland was appointed as the Chairman of the Company's Audit Committee in November 2008 upon joining the Board of Directors. The Board of Directors has determined that Mr. Cleveland is an audit committee financial expert as defined in SEC rules and has the requisite financial sophistication in accordance with the applicable NASDAQ listing standards. The Audit Committee held five meetings during 2009.

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 41. The Audit Committee has a charter, which was attached as Annex A to the Company's proxy statement filed with the Securities and Exchange Commission on April 29, 2008.

Compensation Committee

The Compensation Committee consists of three directors: Dr. Gerber, Mr. Larson and Mr. Wiggans, each of whom is independent under applicable listing standard of NASDAQ. Mr. Gerber serves as the Chairman of this committee. The Compensation Committee's responsibilities include (i) establishing compensation arrangements for the executive officers and setting the performance goals for their incentive compensation programs, (ii) administering cash compensation plans, (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. A subcommittee of the Compensation Committee, the Compensation Subcommittee, consisting of Dr. Gerber and Mr. Wiggans, administers the Company's stock plans and makes grants and awards thereunder. The Compensation Committee is authorized to delegate its authority to a subcommittee when appropriate. The Compensation Committee is authorized to hire 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 held two meetings and executed two unanimous written consents in lieu of a meeting during 2009. The Compensation Committee has a charter, which is attached as Appendix A to this proxy statement. The Compensation Subcommittee held one meeting during the 2009 year.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee of the Board of Directors are Dr. Gerber, Mr. Larson and Mr. Wiggans. 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 consists of Mr. Larson, Mr. Cleveland and Dr. Mento, 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 applicable to the Company. The Nominating and Corporate Governance Committee was established in March 2004. The Nominating and Corporate Governance Committee executed two unanimous written consents in lieu of meetings during 2009.

The Nominating and Corporate Governance Committee has a charter, which was attached as Annex B to the Company's proxy statement filed with the Securities and Exchange Commission on April 29, 2008.

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

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

Dr. Stephen G. Dilly and Mr. William R. Ringo, who were appointed to the Board of Directors in March and April 2010, respectively, were recommended to the Nominating and Corporate Governance Committee as a director by Russell Reynolds Associates, Inc., an executive recruiting firm engaged by the Board of Directors.

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. On April 16, 2010, the Board appointed William Ringo as the Chairman of the Board. The Chairman is responsible for chairing Board meetings and meetings of shareholders, setting the agendas for Board meetings and providing information to the Board members in advance of meetings and between meetings. In addition, our Chief Executive Officer, Mr. Edward Lanphier, also serves as a director of our Board. The Board believes that Mr. Lanphier's membership as a director provides the Board with an in-depth understanding of our business operations because of his extensive experiences and knowledge of the day-to-day management of all aspects of our operations.

All of our directors, including our Chairman of the Board, are independent under applicable NASDAQ corporate governance rules, except for Mr. Lanphier, our Chief Executive Officer. The Board believes that the independent directors provide effective oversight of the Company. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors have regular executive sessions without Mr. Lanphier or any other members of management. We believe that our leadership structure of the Board is appropriate given the nature and size our businesses as it provides both effective independent oversight and expertise in the complexity and management of our operations as a life science 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 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. Three directors attended the 2009 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 <http://www.sangamo.com> in the Investor 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 <http://www.sangamo.com>, in the Investor 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 2009. No stock awards other than stock options were granted to the non-employee directors during 2009, and no stock awards other than stock options were held by non-employee directors during such year.

Name	Fees Earned or	Option Awards	Total
	Paid in Cash		
	(\$) ⁽¹⁾	(\$) ^{(2) (3)}	(\$)
Paul B. Cleveland.	\$ 30,500	\$ 28,044	\$ 58,544
William G. Gerber, M.D.	\$ 28,000	\$ 28,044	\$ 56,044
John W. Larson	\$ 25,000	\$ 28,044	\$ 53,044
Margaret A. Liu, M.D.*	\$ 8,500	\$	\$ 8,500
Steven J. Mento, Ph.D.	\$ 24,500	\$ 28,044	\$ 52,544
Thomas G. Wiggans	\$ 23,500	\$ 28,044	\$ 51,544
Michael C. Wood *	\$ 10,500	\$	\$ 10,500

- (1) Consists of the annual retainer fee and meeting fees 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 Option Grant Program in effect under the Company's 2004 Stock Incentive Plan, Mr. Cleveland, Dr. Gerber, Mr. Larson, Dr. Mento and Mr. Wiggans each received an option to purchase 10,000 shares of common stock with an exercise price per share of \$4.10 at the 2009 Annual Meeting, and each such option had an aggregate grant date fair value of \$28,044 without adjustment for estimated forfeitures. Such grant date fair value was calculated in accordance with FASB ASC Topic 718, and the assumptions used in such calculation are set forth in Note 2 to the Company's audited financial statements for the year ended December 31, 2009, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 5, 2010. For further information concerning the grant of options to non-employee directors under the Automatic Option Grant Program of the Company's 2004 Stock Incentive Plan, see the section below entitled "2004 Stock Incentive Plan".
- (3) As of December 31, 2009 the following non-employee directors or former directors held options to purchase the following number of shares of the Company's common stock: Mr. Cleveland, 60,000 shares; Dr. Gerber, 90,000 shares; Mr. Larson, 90,000 shares; Dr. Liu, 80,000 shares; Dr. Mento, 35,556 shares; Mr. Wiggans, 60,000 shares and Mr. Wood, 80,000 shares.
- * From January 1, 2009 to June 4, 2009, Dr. Liu served on the Board of Directors, the Compensation Committee and the Compensation Subcommittee, and Mr. Wood served on the Board of Directors, the Audit Committee and the Nominating and Corporate Governance Committee. The compensation reported in the table reflects the compensation received by Dr. Liu and Mr. Wood for such period of service.

Director Annual Retainer and Meeting Fees

For 2009, each non-employee Board member received an annual cash retainer of \$10,000, subject to pro-ration for directors who either joined or left the Board during the year. In addition, the non-employee Board member serving as the Chairman of the Audit Committee and the non-employee Board member serving as the Chairman of the Compensation Committee received an additional annual cash retainer of \$5,000 and \$2,500, respectively. Non-employee Board members also received the following additional cash payments for service during the 2009 year: \$2,000 per Board meeting attended; \$1,000 per Audit Committee meeting attended; and \$1,000 per Compensation Committee meeting attended.

Effective January 1, 2010, each non-employee Board member will receive an annual cash retainer of \$30,000, subject to pro-ration for directors who either join or leave the Board during the year. To the extent that 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 will receive an additional annual cash retainer of \$45,000. In addition, the non-employee Board member serving as the Chairman of the Audit Committee and the non-employee Board member serving as the Chairman of the Compensation Committee will receive an additional annual cash retainer of \$15,000 and \$10,000, respectively. Each non-employee Board member serving as a member of the Audit Committee and/or the Compensation Committee, other than the Chairman, will receive an additional annual cash retainer of \$7,500 and \$5,000, respectively. Committee meeting attendance fees were eliminated effective January 1, 2010.

2004 Stock Incentive Plan

Under the Automatic Option Grant Program in effect under the Company's 2004 Stock Incentive Plan (the "2004 Plan"), each new non-employee Board member will receive, at the time of his or her initial election or appointment to the Board, an option to purchase 50,000 shares of common stock, provided such person has not previously been in the Company's employ. In addition, on the date of each annual stockholders meeting, each continuing non-employee Board member who has served as a director for the previous six months will receive an option to purchase 10,000 shares of common stock. Each option granted under the Automatic Option Grant Program will have an exercise price per share equal to the fair market value per share of the Company's common stock on the grant date and will have a maximum term of 10 years, subject to earlier termination following the

optionee's cessation of Board service. Each option is immediately exercisable for all the option shares, but any shares purchased under the option will be subject to repurchase by 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 designated period. For the initial grant, the designated vesting period is three years, and for the annual grant the designated vesting period is one year. 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.

Pursuant to the Automatic Option Grant Program under the 2004 Plan, Mr. Cleveland, Dr. Gerber, Mr. Larson, Dr. Mento and Mr. Wiggins each received an option to purchase 10,000 shares of common stock with an exercise price per share of \$4.10 at the 2009 Annual Meeting and Dr. Dilly and Mr. Ringo each received an option to purchase 50,000 shares of common stock with an exercise price per share of \$5.42 and \$6.05, respectively, at the time of their appointment to the Board. In addition, on the effective date of his appointment to the Board, Mr. Ringo received restricted stock units covering 10,000 shares of common stock outside of the Automatic Option Grant Program. The restricted stock units will vest in 24 equal monthly installments upon the completion of each month of Board service measured from the date of his appointment to the Board.

With the exception of Dr. Dilly and Mr. Ringo, all non-employee members of the Board elected at our 2010 Annual Meeting will receive an option to purchase 10,000 shares of common stock with an exercise price per share equal to the fair market value per share of the Company's common stock on the date of the 2010 Annual Meeting under the Automatic Option Grant Program.

Recommendation of the Board of Directors

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

PROPOSAL TWO:**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors has appointed the firm of Ernst & Young LLP, independent registered public accounting firm for Sangamo during 2009, to serve in the same capacity for the year ending December 31, 2010, 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 at the Annual Meeting 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 auditing firm at any time during the year if the Board of Directors believes that such a change would be in the best interests of Sangamo and its stockholders.

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 2009 and 2008, and fees billed for other services rendered by Ernst & Young, LLP during 2009 and 2008:

	2009	2008
Audit Fees and expenses (1)	\$ 693,596	\$ 521,638
Audit related Fees		
Tax Fees (2)	87,000	65,628
All Other Fees		
Total	\$ 780,596	\$ 587,266

(1) Includes fees and expenses for the audit of our annual financial statements included in our Form 10-K and the related audit of internal controls, review of interim financial statements included on Forms 10-Q, fees in connection with the completion of Sangamo's underwritten public offering, 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 for tax compliance, tax advice and tax planning services.

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 that approval to the full Audit Committee not later than the next committee meeting.

The Audit Committee has determined that the rendering of other professional services for tax compliance and tax advice by Ernst & Young, LLP is compatible with maintaining their independence. The Audit Committee

has established a policy governing our use of Ernst & Young, LLP for non-audit services. Under the policy, management may use Ernst & Young, LLP for non-audit services that are permitted under SEC rules and regulations, provided that management 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, 2010.

PROPOSAL THREE

APPROVAL OF THE 2010 EMPLOYEE STOCK PURCHASE PLAN

General

Our stockholders are being asked to approve the adoption of our new 2010 Employee Stock Purchase Plan (the "Purchase Plan"), under which 2,100,000 shares of our common stock will be reserved for issuance. The Purchase Plan was adopted by our Board of Directors on March 31, 2010, and the first offering period under the Purchase Plan will begin on May 3, 2010. However, no shares will actually be purchased in that offering period unless the Purchase Plan is approved by our stockholders at the Annual Meeting.

The Purchase Plan is designed to allow our eligible employees and those of our participating subsidiaries (whether now existing or subsequently acquired or established) to purchase shares of common stock at designated intervals through their accumulated payroll deductions or other permissible contributions under the Purchase Plan.

The Purchase Plan will serve as the successor to our 2000 Employee Stock Purchase Plan (the "predecessor plan"), and no additional offering periods will commence under that predecessor plan after November 1, 2009. The predecessor plan will terminate on April 30, 2010, in accordance with its terms, following the final purchase date under the predecessor plan on such date.

Approximately 2,100,000 shares of our common stock will remain available under the predecessor plan on that plan's April 30, 2010 termination date. In order to assure that no additional stockholder dilution occurs as a result of the new Purchase Plan, the number of shares of common stock available for issuance under the new Purchase Plan is equal to the approximately 2,100,000 shares that will remain available for issuance under the predecessor plan on that plan's termination date. These 2,100,000 shares represent approximately 4.7% of our shares outstanding as of March 17, 2010. In addition, although the share reserve under the predecessor plan increased each year pursuant to an evergreen feature in an amount equal to one percent of the total number of outstanding shares of our common stock on the last trading day of the immediately preceding year, no such evergreen increase feature has been included in the new Purchase Plan.

The following is a summary of the principal features of the new Purchase Plan. The summary, however, does not purport to be a complete description of all the provisions of the Purchase Plan. Any stockholder who wishes to obtain a copy of the actual plan documents may do so upon written request to our Corporate Secretary at our executive offices at 501 Canal Boulevard, Richmond, California, 94804.

Administration

The Purchase Plan will be administered by the Compensation Committee of our Board of Directors. As plan administrator, such committee will have full authority to adopt administrative rules and procedures and to interpret the provisions of the Purchase Plan.

Securities Subject to the Purchase Plan

The number of shares of our common stock reserved for issuance under the Purchase Plan will be limited to 2,100,000 shares. The shares issuable under the Purchase Plan may be made available from authorized but unissued shares of our common stock or from shares of common stock repurchased by us, including shares repurchased on the open market.

Should any change be made to our outstanding common stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction or other change affecting the outstanding common stock as a class without our receipt of consideration or should the value of the outstanding

shares of our common stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, then equitable adjustments will be made by the plan administrator to (i) the maximum number and/or class of securities issuable under the Purchase Plan, (ii) the maximum number and/or class of securities purchasable per participant during any offering period and on any one purchase date during that offering period, (iii) the maximum number and/or class of securities purchasable in total by all participants on any one purchase date and (iv) the number and/or class of securities and the price per share in effect under each outstanding purchase right. The adjustments will be made in such manner as the plan administrator deems appropriate and such adjustments shall be final, binding and conclusive.

Offering Periods and Purchase Rights

Shares of our common stock will be offered for purchase under the Purchase Plan through a series of successive offering periods. Unless otherwise specified by the plan administrator prior to the start of the applicable offering period: (i) each offering period will have a duration of twenty-four (24) months, and (ii) offering periods will commence on the first business day of May and the first business day of November each year.

The terms and conditions of each offering period may vary, and two or more offering periods may run concurrently under the Purchase Plan, each with its own terms and conditions. In addition, special offering periods may be established with respect to entities that are acquired by us or under such other circumstances as the plan administrator deems appropriate. However, the participants in each separate offering period will have equal rights and privileges under that offering in accordance with the requirements of the federal tax laws and regulations applicable to employee stock purchase plans.

Unless otherwise specified by the plan administrator prior to the start of the applicable offering period, each offering period will be comprised of four successive purchase intervals. Purchase intervals will run from the first business day in May to the last business day in October each year and from the first business day in November each year to the last business day in April in the following year, unless the plan administrator specifies different purchase intervals prior to the start of the applicable offering period.

The initial offering period under the Purchase Plan commenced on May 3, 2010 and has a maximum duration of twenty-four (24) months. However, no shares may be purchased in that initial offering period unless the Purchase Plan is approved by our stockholders at the Annual Meeting. If such stockholder approval is not obtained, then (i) the initial offering period, together with the Purchase Plan, will immediately terminate, (ii) all payroll deductions collected from participants in that offering period will be promptly refunded, and (iii) no further offering periods will commence under the terminated plan.

Should the fair market value per share of our common stock on any purchase date within an offering period be less than the fair market value per share of our common stock on the start date of that offering period, then the individuals participating in that offering period will, immediately after the purchase of our common stock on their behalf on such purchase date, be transferred from that offering period and automatically enrolled in the new offering period commencing on the next business day following such purchase date, provided the fair market value per share on the start date of that new offering period is lower than the fair market value per share of our common stock on the start date of the offering period in which they were currently enrolled.

Eligibility and Participation

Any individual who is employed on a basis under which he or she is regularly expected to work for more than twenty hours per week for more than five months per calendar year in the employ of any participating parent or subsidiary corporation (whether any such corporation is now in existence or is subsequently established at any time during the term of the Purchase Plan) will be eligible to participate in any offering period implemented under the Purchase Plan. However, for one or more distinct separate offering periods, the plan administrator may waive either or both of the twenty hour or five month service requirements.

To participate in a particular offering period, an eligible employee must complete and file the requisite enrollment forms on or before the start date of that offering period.

As of March 17, 2010, 82 employees, including 4 executive officers, were eligible to participate in the Purchase Plan.

Payroll Deductions and Stock Purchases

For each offering period, the plan administrator may allow contributions to the Purchase Plan to be effected in the form of periodic payroll deductions or one or more other permissible forms specified by the plan administrator prior to the start date of the applicable offering period. However, all contributions, whether in the form of payroll deductions or other mode, must be based solely on either the participant's cash earnings or base salary, as determined by the plan administrator prior to the start of the offering period and may not exceed fifteen percent of that base salary or those cash earnings, unless the plan administrator authorizes a different maximum percentage prior to the start date of the applicable offering period.

The accumulated contributions will automatically be applied to the acquisition of common stock at six-month intervals. Accordingly, on each such purchase date (the last business day in April and October each year, unless the plan administrator specifies other purchase date prior to the start of the applicable offering period), each participant's payroll deductions or other permitted form of contribution accumulated for the purchase interval ending on that purchase date will automatically be applied to the purchase of whole shares of common stock at the purchase price in effect for the participant for that purchase date. The first purchase under the Plan is expected to occur on October 29, 2010.

Purchase Price

The purchase price of the common stock acquired on each semi-annual purchase date will be fixed by the plan administrator at the start of each offering period and will not be less than eighty-five percent of the *lower* of (i) the fair market value per share of our common stock on the start date of the offering period or (ii) the fair market value on the purchase date.

The fair market value per share of our common stock on any particular date under the Purchase Plan will be deemed to be equal to the closing price per share on such date on the national stock exchange serving as the primary market for our common stock at that time. On March 17, 2010, the fair market value of our common stock determined on such basis was \$5.79 per share, the closing price per share on that date on the Nasdaq Global Market.

Special Limitations

The Purchase Plan imposes certain limitations upon a participant's rights to acquire common stock, including the following limitations:

Purchase rights granted to a participant may not permit such individual to purchase more than \$25,000 worth of our common stock (valued at the time each purchase right is granted) for each calendar year those purchase rights are outstanding at any time.

Purchase rights may not be granted to any individual if such individual would, immediately after the grant, own or hold outstanding options or other rights to purchase, stock possessing five percent (5%) or more of the total combined voting power or value of all classes of our outstanding stock or the outstanding stock of any of our affiliates.

No participant may purchase more than 2,000 shares of common stock on any one purchase date or more than 8,000 shares per offering period.

The maximum number of shares of common stock purchasable in total by all participants on any one purchase date will be limited to 200,000 shares.

The plan administrator will have the discretionary authority to increase or decrease the per participant and total participant purchase limitations as of the start date of any new offering period under the Purchase Plan, with the new limits to be in effect for that offering period and each subsequent offering period. As indicated above, the applicable limitations will be adjusted for any stock split, stock dividend, stock reclassification or similar transaction affecting the number of shares of our outstanding common stock without our receipt of consideration.

Termination of Purchase Rights

The participant may withdraw from the Purchase Plan at any time up to the next scheduled purchase date, and his or her accumulated payroll deductions or other permitted contributions for the purchase interval in which that purchase date occurs will, at the participant's election, either be applied to the purchase of shares on the next scheduled purchase date or be refunded immediately.

The participant's purchase right will immediately terminate upon his or her cessation of employment or loss of eligible employee status. Any payroll deductions or other permitted contributions which the participant may have made for the purchase interval in which such cessation of employment or loss of eligibility occurs will be refunded and will not be applied to the purchase of common stock.

Stockholder Rights

No participant will have any stockholder rights with respect to the shares covered by his or her purchase rights until the shares are actually purchased on the participant's behalf and the participant has become a holder of record of the purchased shares. No adjustment will be made for dividends, distributions or other rights for which the record date is prior to the date of such purchase.

Assignability

No purchase rights will be assignable or transferable by the participant, and the purchase rights will be exercisable only by the participant.

Change in Control

Should we be acquired by merger, or should there occur a sale of substantially all of our assets or of securities possessing more than fifty percent of the total combined voting power of our outstanding securities, then all outstanding purchase rights will automatically be exercised immediately prior to the effective date of such transaction. The purchase price will not be less than eighty-five percent of the *lower* of (i) the fair market value per share of common stock on the start date of the offering period in which such transaction occurs or (ii) the fair market value per share of common stock immediately prior to such transaction. The actual percentage purchase price will be equal to the percentage purchase price previously set by the plan administrator for the offering period in which the transaction occurs.

The limitation on the maximum number of shares purchasable by each participant (but not the limitation on all participants in the aggregate) on any one purchase date will be applicable to any purchase date attributable to such transaction.

Share Pro-Ration

Should the total number of shares of common stock to be purchased pursuant to outstanding purchase rights on any particular date exceed the number of shares then available for issuance under the Purchase Plan, then the plan administrator will make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions or other permitted contributions of each participant, to the extent in excess of the aggregate purchase price payable for the common stock pro-rated to such individual, will be refunded.

Amendment and Termination

The Purchase Plan will terminate upon the earliest to occur of (i) the last business day in April 2020, (ii) the date on which all shares available for issuance thereunder are sold pursuant to exercised purchase rights or (iii) the date on which all purchase rights are exercised in connection with a change in control or ownership.

Our Board of Directors may alter or amend the Purchase Plan at any time to become effective as of the start date of the next offering period thereafter. In addition, the Board of Directors may suspend or terminate the Purchase Plan at any time to become effective immediately following the close of any purchase interval.

In no event may our Board of Directors effect any of the following amendments or revisions to the Purchase Plan without the approval of the stockholders: (i) increase the number of shares of our common stock issuable under the Purchase Plan, except for permissible adjustments in the event of certain changes in our capitalization or (ii) modify the eligibility requirements for participation in the Purchase Plan.

Predecessor Plan Purchases

The following table sets forth, as to our Chief Executive Officer, our Chief Financial Officer, our other named executive officers in the Summary Compensation Table that appears later in this Proxy Statement and the other individuals and groups indicated, the number of shares of our common stock purchased under the predecessor plan from January 1, 2009 through March 17, 2010 and the weighted average purchase price paid per share.

Name and Position	Number of Shares Purchased (#)	Weighted Average Purchase Price (\$)
Edward O. La		