Zacharon Pharmaceuticals Announces Research and Development Collaboration with Pfizer to Develop Drugs for Multiple Rare Disorders

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Strategic Collaboration to Leverage Zacharon's Platform for Developing Small Molecule Drugs Selectively Targeting Carbohydrate Polymers

Zacharon Pharmaceuticals, Inc. today announced that the company has entered into a strategic research collaboration with Pfizer Inc. to develop drugs for orphan diseases, including lysosomal storage disorders. The potential value of the collaboration to Zacharon is approximately USD $210 million. The collaboration includes the potential development of compounds that may be discovered using Zacharon's innovative platform for developing small molecule drugs targeting specific carbohydrate polymers or glycans.

Zacharon, whose sole venture investor is Avalon Ventures, will receive up-front payments and research and development funding under the collaboration to develop drugs against targets that impact lysosomal storage diseases. Zacharon is also eligible under the collaboration for payments for meeting development milestones, plus royalties and sales milestones upon commercialization.

"We are very pleased to be working with Pfizer, which has broad compound development expertise, including in the area of small molecules, which should be quite useful to

developing drugs for these orphan diseases," said Robin Jackman, Ph.D., president and CEO of Zacharon. "The collaboration provides validation for the potential that lies in Zacharon's broadly applicable technology platform."

Ed Mascioli, M.D., head of Pfizer's Orphan & Genetic Diseases Unit, said: "Part of Pfizer's Orphan & Genetic Diseases Unit's strategic focus relies on collaborations with companies like Zacharon that have promising technologies to help develop treatments for rare diseases. Zacharon is an ideal partner, and we look forward to working with them to develop treatments for lysosomal storage diseases."

About Lysosomal Storage Diseases Lysosomal storage diseases (LSDs) are a group of over 40 inherited disorders typically characterized by a deficiency in one or more enzymes that degrade glycans, the carbohydrate chains of glycoproteins, proteoglycans, and glycolipids. These deficiencies cause an accumulation of undigested glycan fragments inside the lysosome, leading to progressive deterioration in physical and/or mental state, and eventually premature death. The family of lysosomal storage diseases includes Gaucher, Fabry, Pompe, mucopolysaccharidoses (MPS I, II, IIIA, IIIB, IIIC), Tay-Sachs, Sandhoff and other related diseases with a total combined incidence greater than 1 per 8,000 births.

About Zacharon Pharmaceuticals, Inc. Zacharon Pharmaceuticals, Inc. is a biotechnology company leveraging unique glycobiology expertise to develop a new class of human therapeutics targeting the biosynthesis of glycans. Glycans encompass an attractive selection of specific and potent drug targets for a variety of diseases. Zacharon has created breakthrough assay technologies integrating cell-based screening with highly sensitive glycan structural analysis tools, providing a unique and powerful platform for novel small molecule drug discovery. Zacharon's most advanced drug development programs target several forms of lysosomal storage disease and several rare forms of cancer. The glycan-targeted assay technologies developed by Zacharon are being applied beyond the company's internal drug development programs to develop clinical biomarkers and diagnostics for glycan-related diseases. One such diagnostic with applications in newborn screening is being developed in collaboration with Mayo Clinic's Department of Laboratory Medicine. Zacharon was established in 2004. Its funding support includes SBIR grants from the National Cancer Institute and the National Institute for Neurological Disorders and Stroke of the NIH, and venture financing from Avalon Ventures.

For more information, please visit www.zacharon.com.