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Zacharon Pharmaceuticals Enters Collaboration to Develop Lysosomal Storage Disease Diagnostics

Collaboration Will Leverage Zacharon's Breakthrough Assay Technology for Analyzing Glycans Combined with Mayo Clinic's Strength in Developing Clinical Diagnostics

San Diego, CA (January 3, 2011) – Zacharon Pharmaceuticals, Inc. and Mayo Clinic's Department of Laboratory Medicine have announced a collaboration to develop glycan-based diagnostics for lysosomal storage diseases. The agreement will initially focus on newborn screening using Zacharon's Sensi-Pro® Assay, a highly sensitive assay technology capable of analyzing glycan accumulation in multiple lysosomal storage diseases.

"The Sensi-Pro Assay is uniquely capable of providing the high degree of sensitivity required for effective population-based screening applications," said Robin Jackman, Ph.D., President and Chief Executive Officer of Zacharon. "This exciting partnership will develop clinical diagnostic applications of the Sensi-Pro® Assay while enabling Zacharon to continue focusing resources on its therapeutic development programs."

Under the terms of the partnership, Mayo will be responsible for further developing the Sensi-Pro® Assay for newborn screening applications initially targeting Gaucher, Fabry, several categories of the Mucopolysaccharidoses, and other lysosomal storage diseases. Zacharon will have lead responsibility for subsequent commercialization. Financial terms were not disclosed.

About Lysosomal Storage Diseases

Lysosomal storage diseases (LSDs) are a group of over 40 inherited disorders characterized by a deficiency in one or more enzymes which degrade glycolipids, glycoproteins, and other glycans. 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, the Mucopolysaccharidoses, Krabbe, Tay Sachs, and other related diseases with a total combined incidence greater than 1 per 10,000 births. The early identification of patients affected with these diseases represents an important opportunity to improve treatment outcomes.

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 are the

carbohydrate chains of glycoproteins, proteoglycans, and glycolipids and 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 can be applied beyond the company's internal drug development programs as clinical diagnostics for glycan-related diseases. Zacharon was incorporated in 2004 and received Series A venture financing in 2008. For more information, please visit www.zacharon.com.

About Mayo Clinic's Department of Laboratory Medicine and Pathology

The Department of Laboratory Medicine and Pathology at Mayo Clinic maintains an active diagnostic test development program. These activities also incorporate discoveries from other diagnostic and biotechnology companies and academic organizations. Mayo utilizes these proven diagnostic technologies in the care of its patients and offers them to more than 5,000 health care institutions around the world through Mayo Medical Laboratories, a global reference laboratory for over 40 years, and outreach arm of Mayo Clinic's Department of Laboratory Medicine and Pathology. Revenue from testing is used to support medical education and research at Mayo Clinic.