

P R E S S R E L E A S E



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**ZOSANO PHARMA, INC. SECURES \$30 MILLION IN
NEW ROUND OF FINANCING**

Funds to Support Late-stage Development of ZP-PTH for Osteoporosis

Fremont, CA – July 7, 2009 – Zosano Pharma, Inc., a privately held pharmaceutical company developing products based on its novel transdermal delivery technology, today announced that the company has closed a new round of financing in the amount of \$30 million. Nomura Phase4 Ventures led the round and all of the company's existing venture investors, including New Enterprise Associates, HBM BioVentures and ProQuest Investments, participated.

Proceeds will primarily support the ongoing scale-up for Phase 3 clinical development and manufacturing readiness for Zosano's lead program, ZP-PTH rapid delivery patch for the treatment of osteoporosis.

"We are pleased to have completed this significant financing with participation from our existing investors, particularly in this challenging economic environment," said Zosano Chair and CEO Gail Schulze. "We continue to lay the groundwork for our pivotal phase 3 clinical study and in parallel are advancing a number of strategic partnering discussions. We believe that this financing is further evidence that ZP-PTH has tremendous potential to deliver an important and differentiated therapeutic alternative to the large, yet underserved osteoporosis market."

"We are impressed with the progress Zosano is making in advancing ZP-PTH for osteoporosis," stated Denise Pollard-Knight, Managing Director of Nomura Phase4 Ventures. "This new investment in Zosano reflects our continued confidence in the clinical promise of ZP-PTH, in the team's ability to deliver the product to patients, and in this novel technology's value across many therapeutic applications, including vaccines."

Zosano recently reported positive results from its phase 2 study of the ZP-PTH rapid delivery patch being developed as an alternative to daily injections for the treatment of osteoporosis. ZP-PTH delivers PTH 1-34, teriparatide (PTH), a compound proven to stimulate formation of new bone and reduce the risk of fractures.

The phase 2 study evaluated the safety and efficacy of three doses of ZP-PTH on lumbar spine bone mineral density (BMD) after 24 weeks relative to placebo and Forteo[®] subcutaneous injection

in postmenopausal women with osteoporosis. The results demonstrated that daily administration of all three doses of ZP-PTH for 24 weeks resulted in a significant gain in BMD of the lumbar spine over placebo ($p < 0.001$). The ZP-PTH 40 mcg patch, which effectively delivers 16 mcg of PTH, was similar to a Forteo 20 mcg injection, in mean percent change from baseline in lumbar spine BMD (4.97% versus 3.55%). Importantly, treatment with ZP-PTH 40 mcg also showed a significant increase in total hip mean percent change from baseline in BMD (+1.33%) compared to placebo (-0.634%) and Forteo (0.094%), both at $p < 0.05$. All ZP-PTH doses were well tolerated with no systemic adverse events different from Forteo. There were no clinically significant sustained occurrences of hypercalcemia in any treatment group and topical reactions were minimal, as expected.

About Zosano Pharma, Inc.

Zosano Pharma, Inc. is a privately held pharmaceutical company focusing on the development of its lead clinical program, the ZP-PTH rapid delivery patch for the treatment of osteoporosis. ZP-PTH is being developed as an alternative to daily injections and is based on Zosano's novel transdermal delivery technology which can deliver peptides, proteins, small molecules and vaccines by permeating the skin's outer layer and ensuring significant therapeutic effect. This proven proprietary technology offers many key benefits, including efficacy and safety comparable to approved injectables, needle-free and pain-free delivery, a self-administered patch, rapid onset of action and room temperature storage. Zosano's transdermal delivery technology has been clinically tested in more than 400 patients with four different peptides and a vaccine. Zosano aims to develop products both independently and through strategic licensing and co-development arrangements. Founded in 2006 as an ALZA Corporation spin-out led by Nomura Phase4 Ventures, Zosano is funded by New Enterprise Associates, Nomura Phase4 Ventures, HBM BioVentures and ProQuest Investments. For more information, please visit www.zosanopharma.com.

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