

Tranzyme Pharma Closes New \$20 Million Financing

RESEARCH TRIANGLE PARK, N.C. and **SHERBROOKE**, Québec (November 1, 2007) - Tranzyme Pharma, a leading biopharmaceutical company developing small molecule drugs for the treatment of gastrointestinal (GI) and metabolic diseases, announced today that it has completed a new round of private financing, raising a total of \$20 million. The financing was led by existing investors H.I.G. Ventures, Thomas, McNerney & Partners, Quaker BioVentures, and BDC Venture Capital.

Tranzyme intends to use this funding to further advance clinical development of its breakthrough GI drugs. Tranzyme's lead products are first-in-class drugs directed at modulating ghrelin and motilin receptors in the GI tract. The Company recently initiated two Phase IIb clinical trials to test the efficacy and safety of its first product, TZIP-101, an intravenous ghrelin receptor agonist being investigated for the treatment of severe gastroparesis and post-operative ileus. In July 2007, the FDA granted TZIP-101 fast-track designation for severe gastroparesis.

Tranzyme's pipeline also includes TZIP-102, an oral ghrelin agonist for the treatment of mild-to-moderate (chronic) gastroparesis and other functional GI disorders. In addition, the Company is developing a motilin antagonist, TZIP-201, for moderate to severe diarrhea, and a ghrelin antagonist, TZIP-301 for obesity and metabolic syndrome.

"Tranzyme has made tremendous progress since the last round of financing in 2005 and all of its investors are extremely excited by the blockbuster potential of the Company's mechanism-based drug candidates," stated David J. Drutz, M.D., Chairman of Tranzyme Pharma's board, and General Partner with Pacific Rim Ventures, Co., Ltd.

"This round of financing reflects the continued support and confidence we are so fortunate to have from our investors," stated Vipin K. Garg, Ph.D., President and Chief Executive Officer of Tranzyme. This capital will allow us to bring our first-in-class GI motility drug, TZIP-101, into Phase III clinical studies for multiple indications."

About H.I.G. Ventures

H.I.G. Ventures partners with entrepreneurs to provide the capital, expertise and relationships necessary to build market-leading businesses. With over \$550 million in dedicated venture and growth capital under management, the firm's team invests nationally in early to later-stage information technology, life science and service businesses. H.I.G. Ventures is the venture capital affiliate of H.I.G. Capital, a leading private equity investment firm with over \$4 billion of capital under management. H.I.G. Ventures has offices in Atlanta and Miami. For more information, visit www.higventures.com.

About Thomas, McNerney & Partners

Thomas, McNerney & Partners, LLC, is a health care private equity firm that invests in life science and medical technology companies. The firm's partners have successfully funded companies at all stages of their development, having invested over \$650 million in more than 52 entities. For more information, please visit: www.tm-partners.com.

About Quaker BioVentures

Quaker BioVentures manages over \$500 million in committed capital and is a venture capital firm investing only in life science companies. The firm leads investments in companies across the spectrum of the life science industry, including biopharmaceuticals, medical devices, human diagnostics, specialty pharmaceuticals, and healthcare services. Quaker BioVentures invests in companies at all stages of development, from early stage businesses to public companies. For more information, please visit: www.quakerbio.com.

About BDC Venture Capital

BDC Venture Capital is a major venture capital investor in Canada, active at every stage of a company's development cycle, from seed through expansion. Its focus is on technology-based businesses with high growth potential that are positioned to become dominant players in their markets. Established in 1975, BDC Venture Capital has invested in over 400 firms to date. It currently manages some \$500 million in venture capital investments in the life sciences, telecommunications, information technology, and advanced technology sectors, as well as investments in funds. Visit www.bdc.ca for more information.