

NEWS

For Immediate Release

May 13, 2005

Tranzyme Pharma Completes \$32 Million Financing

RESEARCH TRIANGLE PARK, N.C. and SHERBROOKE, Québec (May 13, 2005) – **Tranzyme Pharma**, a leading biopharmaceutical company developing novel mechanism-based therapeutics for the treatment of gastrointestinal (GI) disorders, announced today that it has completed an oversubscribed round of private financing, raising a total of \$32 million. The financing was led by H.I.G. Ventures, Thomas, McNerney & Partners and Quaker BioVentures. Additional participants in the round included existing investors, Business Development Bank of Canada (BDC Venture Capital), Desjardins Venture Capital, Pacific Rim Ventures and The Solidarity Fund (FTQ). As part of this financing, \$6 million in previously issued notes have been converted into equity shares.

“This financing brings together an international group of investors committed to advancing the Company’s therapeutics through the clinic,” said David J. Drutz, M.D., Chairman of Tranzyme Pharma and General Partner, Pacific Rim Ventures. “The Company has made outstanding progress in the last twelve months and has met or exceeded all of its development milestones.”

“We are very pleased that Tranzyme’s progress has allowed us to attract an outstanding group of investors,” stated Vipin K. Garg, Ph.D., President and Chief Executive Officer of Tranzyme Pharma. “The funds raised in this round of financing will allow us to accelerate the clinical development of our lead compounds and focus on additional discovery and pre-clinical development efforts to expand our pipeline.”

The Company’s lead product, TZP-101, is expected to enter clinical trials for the treatment of post-operative ileus before the end of 2005. The Company also has novel small molecule compounds in its preclinical pipeline for diabetic gastroparesis, irritable bowel syndrome and functional dyspepsia. Unlike most current therapeutic approaches to GI disorders that address only symptomatic relief, Tranzyme Pharma’s “mechanism-based” therapies directly target the site of pathophysiological disturbance and correct the underlying condition.

Upon the close of the financing, three new members have joined the Tranzyme Pharma board of directors: Aaron Davidson, managing director of H.I.G. Ventures, Alex Zisson, venture partner at Thomas McNerney & Partners, and Brenda Gavin, managing partner of Quaker BioVentures.

“Tranzyme’s ability to discover, optimize and develop first-in-class drugs combined with their experienced management team makes this an attractive investment opportunity,” stated Aaron Davidson, managing director H.I.G. Ventures. “This Company is poised to achieve tremendous success and H.I.G. Ventures is excited to be involved.”

About H.I.G. Ventures

H.I.G. Ventures is one of the largest and most successful venture capital firms in the Southeast United States with more than \$550 million of capital under management. H.I.G. Ventures is focused on investments in emerging high-growth companies across the information technology and life sciences industries and in early-stage and mid-stage companies that have significant potential for growth and value creation. H.I.G. Capital is a leading private equity and venture capital investment firm with more than \$2 billion of equity capital under management. For more information, please 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 collectively invested over \$500 million in more than 40 entities. With a multi-stage investment approach, Thomas, McNerney & Partners provides seed and early stage funding to help entrepreneurs launch companies, as well as growth capital to emerging companies for furthering clinical development or for expansion of product commercialization. For more information, please visit: www.tm-partners.com.

About Quaker BioVentures

Quaker BioVentures is a \$280 million venture capital firm dedicated to investing in life science companies located in the Mid-Atlantic region. The firm leads investments in companies across the spectrum of the life science industry, including biopharmaceuticals, medical devices, human diagnostics, health information technology, and healthcare services. Quaker BioVentures invests in companies at varying stages of development, from early stage businesses to public companies. For more information, please visit: www.quakerbio.com.

Tranzyme Pharma is a leading biopharmaceutical company developing novel orally bioavailable, small molecule therapeutics for the treatment of gastrointestinal (GI) diseases. The Company's candidate drugs originate from its own discovery pipeline of proprietary compounds with high affinity for validated and druggable targets in the GI tract. Tranzyme is developing mechanism-based therapeutics for post-operative ileus, diabetic gastroparesis, irritable bowel syndrome (diarrhea-type) and functional dyspepsia and is on track to enter the clinic with its first product by the end of 2005. Tranzyme is leveraging its technologies through internal programs and partnerships to drive the discovery and development of new therapeutics. For more information, please visit: www.tranzyme.com.

CONTACTS

Vipin K. Garg, Ph.D.
President & CEO
(919) 434-6643
vgarg@tranzyme.com

Richard Eisenstadt
VP, Finance & CFO
(919) 244-0848
reisenstadt@tranzyme.com