

## **Tranzyme and Neokimia Announce Merger to Form a Fully Integrated Drug Discovery and Development Company**

### **Combined Company Receives US \$6 Million in New Financing**

**RESEARCH TRIANGLE PARK, N.C.** and **SHERBROOKE, Québec** (December 18, 2003) - North Carolina-based Tranzyme, Inc. and Québec-based Neokimia, Inc. announced today that the two companies will join forces to form a fully integrated drug discovery and development company. The new company will combine Tranzyme's proprietary functional biology with Neokimia's novel chemistry platform. In addition, the new company will have a portfolio of drug candidates in late-stage lead optimization and anticipates having two compounds in clinical development in 2005.

In a separate press release (dated December 18, 2003), the new company also announced that it received US \$6 million of new capital in the form of convertible notes. The new capital will finance operations and preclinical development of lead compounds.

Tranzyme's focus has been on the discovery of therapeutics for diseases of the neurosensory system, including the eye, ear and the brain. Tranzyme's unique capabilities in gene delivery and expression provide a natural and competitive platform for drug discovery and development which has served as the basis for numerous corporate partnering deals. Neokimia has a proprietary medicinal chemistry platform for the synthesis and optimization of small cyclic compounds, and has developed several lead compounds directed towards gastrointestinal disorders and metabolic diseases. These lead compounds show high activity on G-protein coupled receptors (GPCRs) and other cell-surface receptors expressed in the gastrointestinal tract and neurosensory system, including the brain. Correspondingly, Tranzyme has used its proprietary technology to build biological systems for drug discovery that express these targets. Thus, the new company will be uniquely positioned to develop novel therapeutics for diseases related to the "brain-gut axis".

"The capabilities of both companies really complement one another," said Professor Pierre Deslongchamps, Ph.D., founder of Neokimia. "Our cyclic molecules are comprised of various proprietary chemical fragments which can be varied to modulate the compounds' chemical diversity, three-dimensional shape and drug-like properties to efficiently optimize lead candidates. In addition, our compounds have demonstrated applications in a wide variety of therapeutically relevant biological systems wherein Tranzyme has particular expertise. Neokimia will benefit tremendously from Tranzyme's functional biology to discover and optimize clinically relevant therapeutic candidates."

"The merger is a logical progression in the maturation of Tranzyme's functional biology capabilities as a drug discovery engine, and I am excited about the future of the combined company," said Dr. John C. Kappes, Ph.D., who co-founded Tranzyme along with Dr. Xiaoyun Wu, M.D. Dr. Wu added, "Combining the technologies of the two companies will allow the development of novel drugs by using Tranzyme's high-content biological assays with the proprietary chemistry of Neokimia."

"We are very excited about this merger as it will allow the new company to expand into areas in which each has already built considerable value," said Dr. Vipin K. Garg, Ph.D., President & CEO of the new company. "We will instantly graduate from individual biology and chemistry platform companies to an integrated product-based company capable of developing novel drugs. Our new Canadian operation will provide us immediate access to high quality chemistry and drug discovery capabilities."

In addition to the products being developed internally, the new company has partnerships in therapeutic programs for HIV infection, cancer and cystic fibrosis. Moreover, the company plans to continue leveraging its combined technology platforms with industry collaborations, which generate both near term revenue and provide access to additional technology.

Tranzyme will maintain its existing facility in Research Triangle Park, North Carolina as the focal point for its functional biology program, and will continue its drug discovery operations at the chemistry facility in Sherbrooke, Québec. Dr. Garg will become President and CEO of the combined companies. The President and CEO of Neokimia, Caroline Fortier, will step down and depart the company. The Board of Directors of Neokimia expressed their gratitude for Ms. Fortier's contributions to the company and for accomplishing the merger. Vengate Capital Partners Company of Toronto, Canada advised the companies on the transaction.