March 15, 2012

Synergy Pharmaceuticals Reports Fourth Quarter and Year-End 2011 Financial

NEW YORK, March 15, 2012 (GLOBE NEWSWIRE) -- Synergy Pharmaceuticals, Inc. (Nasdaq:SGYP) (Nasdaq:SGYPU) (Nasdaq:SGYPW), a developer of new drugs to treat gastrointestinal disorders and diseases, today reported its financial results for the fourth quarter and year ended December 31, 2011. Synergy is developing plecanatide for the treatment of chronic constipation (CC) and constipation-predominant irritable bowel syndrome (IBS-C).

"2011 was an important year for Synergy. During the year we raised significant capital and have been delivering on the clinical development plan for plecanatide, our candidate for the treatment of chronic constipation and IBS-C," said Gary S. Jacob, Chief Executive Officer. "2012 will be a transformative year, with top-line plecanatide data expected by year end and our second GC-C receptor agonist compound, SP-333, entering the clinic."

2011 and Recent Highlights

- In October 2011, Synergy began the Phase II/III clinical trial of plecanatide, with top-line data due by year-end 2012.
- In February 2011, Synergy was granted U.S. Patent No. 7,879,802, covering Synergy's novel drug candidate SP-333 to treat inflammatory bowel disease (IBD).
- During 2011, Synergy raised aggregate gross proceeds of $34.4 million from the sale of its securities.
- On December 1, 2011, Synergy's common stock was listed on The NASDAQ Capital Market.

Financial Update

Synergy's cash and cash equivalents balance as of December 31, 2011 was $13.2 million, as compared to $1.7 million on December 31, 2010. During the twelve months ended December 31, 2011, net cash provided by financing activities was $32.6 million net cash used in operating activities was $21.2 million, including approximately $13.4 million in Research & Development expenses. Net loss for the twelve months ended December 31, 2011 was $14.5 million or $0.30 per share, as compared to a net loss of $15.2 million, or $0.34 per share, for the twelve months ended December 31, 2010. In 2011, Synergy reported a gain of $5.3 million resulting from changes in fair value of derivative instruments (warrants), whereas such gains in 2010 were $0.3 million.

Net loss for the quarter ended December 31, 2011 was $5.6 million, or $0.12 per share, as compared to a net loss of $3.7 million, or $0.08 per share, for the quarter ended December 31, 2010. In 2011, Synergy reported a gain of $1.9 million resulting from

changes in fair value of derivative instruments (warrants), whereas such gains in 2010 were $0.2 million.

Synergy had approximately 54.3 million common shares outstanding at March 15, 2012.

About Synergy Pharmaceuticals, Inc.

Synergy is a biopharmaceutical company focused on the development of new drugs to treat gastrointestinal disorders and diseases. Synergy's lead proprietary drug candidate plecanatide is a synthetic analog of the human gastrointestinal hormone uroguanylin, and functions by activating the guanylate cyclase C receptor on epithelial cells of the GI tract. The company completed a Phase I study of plecanatide in healthy volunteers and a Phase IIa clinical trial in CIC patients. In October, 2011, Synergy initiated dosing of patients in a major Phase II/III clinical trial of plecanatide to treat chronic idiopathic constipation. Plecanatide is also being developed to treat constipation-predominant irritable bowel syndrome, with the first trial in IBS-C patients planned for 2012. Synergy's second GC-C agonist SP-333 is currently in pre-clinical development to treat inflammatory bowel diseases. More information is available at http://www.synergypharma.com.

Disclosure Notice

Certain statements in this press release are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words such as "anticipate," "believe," "forecast," "estimated" and "intend," among others. These forward-looking statements are based on Synergy's current expectations and actual results could differ materially. There are a number of factors that could cause actual events to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, substantial competition; our ability to continue as a going concern; our need for additional financing; uncertainties of patent protection and litigation; uncertainties of government or third party payer reimbursement; limited sales and marketing efforts and dependence upon third parties; and risks related to failure to obtain FDA clearances or approvals and noncompliance with FDA regulations. As with any pharmaceutical under development, there are significant risks in the development, regulatory approval and commercialization of new products. There are no guarantees that future clinical trials discussed in this press release will be completed or successful or that any product will receive regulatory approval for any indication or prove to be commercially successful. Synergy does not undertake an obligation to update or revise any forward-looking statement. Investors should read the risk factors set forth in Synergy's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission on March 15, 2012.

Condensed Consolidated Balance Sheets (in thousands)

(unaudited)

	December 31, 2011	December 31, 2010
Assets		
Cash, cash equivalents	$13,245	$1,707
Prepaid expenses and other current assets	1,063	998
Total current assets	14,308	2,705
Property and equipment, net	6	8
Other assets	1,556	1,688
Total assets	$15,869	$4,401
Liabilities and Stockholders' Equity		
Accounts payable	$1,416	$2,961
Accrued expenses	1,331	2,051
Total current liabilities	2,747	5,012
Derivative financial instruments -warrants	3,325	3,488
Total Liabilities	6,072	8,500
Total stockholders' equity	9,797	(4,099)
Total liabilities and stockholders' equity	$15,869	$4,401

Condensed Consolidated Statement of Operations

(in thousands except for weighted average shares)

(unaudited)	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2010
Revenues	$ --	$ --	$ --	$ --
Costs and Expenses:				
Research and development	5,703	1,686	13,419	9,559
General and administrative	2,222	2,724	6,746	6,562
Loss from Operations	(7,925)	(4,410)	(20,165)	(16,121)
Other income	362	494	363	494
Interest and investment income	26	25	90	108
Interest expense	--	--	(12)	--
Change in Fair Value of Financial Instruments	1,911	185	5,257	297
Net Loss	$(5,626)	$(3,706)	$(14,467)	$(15,222)
Net Loss per common share, basic and diluted	$(0.12)	$(0.08)	$(0.30)	$(0.34)
Weighted Average Common Shares Outstanding (a)	48,657,013	45,986,047	47,598,240	44,875,356

(a) Weighted average shares outstanding reflects retroactive change of a one for two (1:2) reverse stock split effective on November 30, 2011

Investor Contact Information:

Danielle Spangler
The Trout
(646) 378-2924