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**NEWS RELEASE** **October 3, 2006**

# SEQUELLA INITIATES PHASE I CLINICAL TRIAL FOR SQ109

*Patient Dosed with Company's First Clinical Drug Candidate*

ROCKVILLE, MD – Sequella, Inc., a clinical-stage biopharmaceutical company focused on commercializing improved treatment paradigms for diseases of epidemic potential announced today it has initiated a Phase I clinical trial for SQ109, the Company's lead drug candidate for the treatment of tuberculosis (TB). With a mechanism of action distinct from other antibiotics used in TB therapy (including Isoniazid, Ethambutol and Ethionamide), SQ109 inhibits cell wall synthesis in a select group of microorganisms with excellent *in vitro* activity against both drug susceptible and drug resistant TB bacteria, including XDR-TB. The first clinical trial dose of SQ109 was administered at the Quintiles Clinical Pharmacology Unit in Lenexa, Kansas.

"We believe that SQ109 may establish a new therapeutic standard-of-care for patients with TB," said Dr. Carol A. Nacy, CEO of Sequella. "Based on preclinical data, SQ109 has the potential to improve outcome and shorten the current treatment regimen when combined with several first-line TB drugs. SQ109 – with more accurate diagnosis provided by Sequella TB Patch – may represent an important step forward in quickly detecting active TB, more effectively treating infected patients, and ultimately reducing the spread of disease."

This Phase 1 dose-escalation study is enrolling 46 healthy normal volunteers. The patients will be divided into five ascending dose groups of eight, plus an additional group of six in an effect of food group, to evaluate the safety and pharmacokinetics of SQ109. Increased dose levels will be administered approximately ten days apart to allow for clinical safety measurements. The trial will run for approximately three to four months.

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**About Tuberculosis (TB)**
TB is a contagious infectious disease caused by the bacterium *Mycobacterium tuberculosis*. TB bacteria can be inhaled into lungs and are able to avoid destruction by certain white blood cells. Without containment by immune cells, the bacteria can spread throughout the body, multiply, survive and remain dormant for years. TB is the leading cause of global deaths that result from a single-agent infectious disease. More than 8 million new cases of active TB disease are reported every year. The World Health Organization (WHO) estimates that one-third of the world's population is infected with TB.

**About SQ109**
SQ109 could replace one or more of the current first-line anti-TB drugs, simplify therapy, and shorten the treatment regimen. SQ109 enhances, both *in vitro* and *in vivo*, the activity of the anti-tubercular drugs Isoniazid and Rifampin, thereby shortening by 25% the time required to cure mice of experimental TB. Since 2000, Sequella has applied its scientific expertise in TB research and product development to identify, characterize, and complete preclinical evaluation

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of SQ109. SQ109 was developed in partnership with the NIH, with several grants from the National Institute of Allergy and Infectious Diseases (NIAID) and the assistance of the NIAID and the National Cancer Institute Inter-Institute Program (NCI IIP) for IND-enabling studies.

**About Sequella, Inc.**
Sequella is a clinical-stage biopharmaceutical company focused on commercializing improved treatment paradigms for diseases of epidemic potential. The company leverages its global influence, infectious disease expertise and diverse product portfolio to proactively address emerging health threats with significant market opportunity. Our lead drug candidate, SQ109, is a new, orally active diamine antibiotic in Phase I clinical trials for the treatment of TB and other infectious diseases. For more information, please visit www.sequella.com.

**Forward-Looking Statement**
This press release contains forward-looking statements that are subject to risks and uncertainties, and includes statements that are not historical facts. Actual results could differ significantly from results discussed. Sequella disclaims any intent or obligation to update forward-looking statements, except as required by law.

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