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**NEWS RELEASE** **May 3, 2007**

# SEQUELLA LEAD DRUG SQ109 COMPLETES PHASE 1A TRIAL

***New Antibiotic for Pulmonary TB and XDR-TB Demonstrates Positive Safety Profile***

ROCKVILLE, MD -- Sequella, Inc., a clinical-stage biopharmaceutical company focused on commercializing products to treat diseases of epidemic potential, announced today the results of its SQ109 Phase 1a clinical trial. This single center study was designed to assess the safety, tolerability, and pharmacokinetics of single oral doses of SQ109 administered to 62 healthy adult male and female subjects. SQ109 is a new, orally-active diamine antibiotic for the treatment of tuberculosis (TB) and other serious infectious diseases. The study found that doses of SQ109 up to 300 mg, the highest dose tested, were safe and well tolerated, with no serious adverse effects reported at any dose.

"We are very pleased with the Phase 1a results, as they confirm the importance of further clinical development of SQ109 to replace one or more of current first-line anti-TB drugs, simplify therapy, and shorten the treatment regimen for patients," said Dr. Carol A. Nacy. "As XDR-TB threatens the public health both here and abroad, we look forward to completing the clinical development of SQ109."

Oral administration of SQ109 produced measurable and dose-related plasma levels, with no drug-related changes in electrocardiograms, hematology, or serum chemistry values. In addition, plasma drug levels indicated that SQ109 was quickly and extensively distributed to tissues after oral ingestion, an observation also documented in preclinical studies.

"The amounts of SQ109 in the blood were similar to levels that were effective in treating animals infected with TB," said Dr. Gary Horwith, Chief Medical Officer for Sequella. "Furthermore, SQ109 appears to have a long half-life (61 hours), which suggests the drug would fit nicely into existing TB treatment regimens."

SQ109 has a mechanism of action molecularly distinct from other antibiotics used in TB therapy. It 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. SQ109 also enhances, both *in vitro* and *in vivo*, the activity of the two front-line antitubercular drugs isoniazid and rifampin. Sequella plans to conduct an additional Phase 1b clinical study to demonstrate safety of daily administration of SQ109 alone, and then in combination with other TB drugs to evaluate safety and efficacy in patients with pulmonary TB. Additional clinical studies will begin Q2 2007.

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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 pathogen. Nearly 9 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.

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**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. The Company's lead drug candidate, SQ109, is a new orally-active diamine antibiotic for the treatment of tuberculosis (TB) and other infectious diseases. SQ109 is presently in Phase I clinical studies and has received the FDA Fast Track designation. The Company's lead diagnostic product candidate, the TB Patch, is completing several international clinical trials in anticipation of world-wide product registration. 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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