

For Immediate Release

February 17, 2009

Sequella Receives SBIR Funding Grant from the NIH for Further Development of Tuberculosis Drug SQ609

Rockville, MD -- Sequella, Inc., a clinical-stage biopharmaceutical company focused on diseases of epidemic potential, today announced the receipt of a Small Business Innovation Research (SBIR) Phase I Grant from the National Institute of Allergy and Infectious Disease (NIAID), National Institutes of Health (NIH), to fund further preclinical development of the company's novel tuberculosis (TB) lead dipiperidine drug compound, SQ609.

The SBIR grant will enable Sequella to perform IND-directed preclinical *in vitro* and *in vivo* potency, pharmacology, and toxicity studies of SQ609, both as a single agent and in combination with other more established therapies.

"We are grateful that the grant reviewers recognized the potential of this new antibiotic class, and its lead representative drug compound SQ609, and we appreciate NIAID support of these important preclinical studies with SBIR funding," said Dr. Carol Nacy, CEO of Sequella. "The SBIR grant program at the NIH serves a vital role in assisting companies to develop new antibiotics for important infectious diseases that impact U.S. public health."

About SQ609 and TB

SQ609 is a novel small molecule dipiperidine antibiotic selected from a proprietary chemical library of over 250,000 new molecular entities with activity for a broad spectrum of infectious diseases. Orally bioavailable with excellent single-drug activity against *Mycobacterium tuberculosis in vitro* and *in vivo*, SQ609 has demonstrated synergistic activity with several front-line antitubercular drugs and can be readily synthesized on a large scale.

Tuberculosis (TB) is the cause of the largest number of human deaths attributable to a single etiologic agent and the leading cause of death in those who are HIV-positive, accounting for 11% of the AIDS-related deaths worldwide. If one includes TB deaths in the HIV-co-infected population, nearly 3 million people die of TB each year. The current therapeutic regimen for TB recommended by the World Health Organization (WHO) requires the administration of four drugs for six months, which has a dismal compliance rate (30-60%) as a result of significant side effects and the inconvenience of daily therapy for such a long period of time. Decades of misuse of the existing antibiotics and poor compliance created an epidemic of drug resistance that now threatens TB control programs worldwide. In early 2006, clinicians began reporting the isolation of extensively drug resistant strains of TB (XDR-TB), resistant to the two most important front-line TB drugs, rifampicin and isoniazid, and to at least two classes of second-line drugs. New more potent drugs are desperately needed to shorten the TB therapeutic regimen, treat drug-resistant infection, and to stem the rising tide of TB deaths.

About Sequella

Sequella is a clinical stage biopharmaceutical company focused on commercializing improved treatments for diseases of epidemic potential. The company leverages its global influence, R&D platforms and infectious disease expertise to proactively address emerging health threats.



Through focused execution, clear commercialization pathways, and strategic partnerships, Sequella intends to commercialize a broad product portfolio designed to treat global health threats with significant market opportunity.

About the NIH and NIAID

The National Institutes of Health (NIH)—The Nation's Medical Research Agency—includes 27 Institutes and Centers and is a component of the U. S. Department of Health and Human Services. It is the primary federal agency for conducting and supporting basic, clinical and translational medical research, and it investigates the causes, treatments and cures for both common and rare diseases. For more information about NIH and its programs, visit <http://www.nih.gov>.

National Institute of Allergy and Infectious Diseases (NIAID) conducts and supports research—at NIH, throughout the United States, and worldwide—to study the causes of infectious and immune-mediated diseases, and to develop better means of preventing, diagnosing and treating these illnesses. News releases, fact sheets and other NIAID-related materials are available on the NIAID Web site at <http://www.niaid.nih.gov>.

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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