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NEWS RELEASE **September 26, 2006**

SEQUELLA RELEASES CLINICAL DOSE-FINDING STUDY RESULTS FOR TB PATCH DIAGNOSTIC

Clinical Study Demonstrates Greater Sensitivity and Specificity Than Current Tests

ROCKVILLE, MD – Sequella, Inc., a clinical-stage biopharmaceutical company focused on commercializing improved treatment paradigms for diseases of epidemic potential, today announced results of a dose-finding clinical trial for its TB Patch diagnostic, a point-of-care test used to detect active TB infection. The trial, designed to test the efficacy and safety of different doses in TB patients, was conducted at the University of Cape Town in South Africa and showed a 65% sensitivity and 96% specificity, which is 3-times higher than the current point-of-care gold-standard of detection for active disease.

"This was a challenging study in a very highly endemic area, under real world conditions," says Dr. Carol Nacy, CEO of Sequella. "Based upon this data, we are conducting additional clinical studies necessary to bring the Patch to market globally."

The TB Patch is a non-invasive diagnostic that requires no sample or laboratory processing and which provides results in less than four days about whether an individual has active TB. According to the World Health Organization (WHO) the primary diagnostic used to confirm active TB is only 27% accurate – meaning the vast majority of those with TB remain undiagnosed and untreated.

"Unidentified TB patients increase the rate of TB in the world exponentially," continued Dr. Nacy. "Given that TB kills more people every year than any other single-agent infectious disease, we expect the global market for this product to be extremely significant."

The TB Patch delivers MPT64, a protein specific to all organisms that cause TB. In patients with active, infectious TB, a localized immune response consisting of erythema or hyperpigmentation, frequently with vesiculation, appears in less than 4 days after application to the skin. Sequella has developed a method of producing recombinant MPT64 that is conducive to large-scale manufacturing. Process transfer, optimization and scale-up validation are all complete.

Sequella holds the worldwide licensing rights for the TB Patch outside of Japan.

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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.

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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. Sequella's lead drug candidate SQ109, a new, orally-active diamine antibiotic for the treatment of tuberculosis (TB) and other infectious diseases, was granted Investigational New Drug Status by the Food and Drug Administration in September 2006 and is now entering Phase 1 clinical trials. 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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