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NEWS RELEASE

FOR IMMEDIATE RELEASE

Sequella, Inc. Receives NIH Grant To Develop Tuberculosis Diagnostic Device

Sequella, Inc. today announced it received a Small Business Innovative Research (SBIR) Grant from the National Institute of Allergy and Infectious Diseases (NIAID) that will drive development of an important new diagnostic device for tuberculosis (TB). This device has the potential to specifically diagnose the disease and evaluate drug resistance of TB organisms within two days, which would represent a major improvement over existing TB diagnostic tools.

TB is the leading single-agent infectious disease killer in the world, claiming more than 2 million lives each year. A key reason for the staggering morbidity and mortality of this disease is the evolution of bacteria resistant to one or all of the front-line anti-tubercular drugs.

The delayed recognition of drug resistance is one of the biggest challenges in the control of drug-resistant TB. Diagnostic methods of evaluating infection and drug resistance often require three to six weeks before a result is obtained, even using the most state-of-the-art methods. The length of time required for these tests results in inappropriate therapy of infected patients, producing increasingly drug resistant bacteria and a dramatically reduced likelihood of cure.

The TB diagnostic device under development by Sequella has the potential to positively identify drug resistance of TB organisms within 48 hours. This innovative device incorporates a virus that emits light in the presence of live *Mycobacterium tuberculosis*. This light can be

detected with a piece of film or a digital camera, providing physicians with a rapid and inexpensive method for the identification of TB and determination of TB drug susceptibility.

Dr. William Jacobs at the Albert Einstein College of Medicine originally developed the concept for and validated the theory behind the device, which he calls "the Bronx Box." As part of its aggressive program to develop the most promising technologies to combat TB, Sequella has licensed the Bronx Box concept for commercial development.

Dr. Carol Nacy, CEO of Sequella, Inc., commented, "This technology is wonderfully innovative and promising, and we are pleased with the confidence that NIAID has in our ability to commercialize this product. The SBIR will allow us to field a new device that could greatly reduce the global burden of drug-resistant TB."

Sequella, Inc., www.sequella.com., is a development stage biotechnology company formed in 1997 to develop and market new products for the treatment of global infectious diseases that impact the public health. The company, headquartered in Rockville, MD, is focusing its initial research efforts on therapeutics, vaccines and diagnostics to address the growing TB problem worldwide.

Some of the matters discussed in this press release are forward-looking and therefore subject to risks and uncertainties that could cause actual results to differ from those stated or implied in this report. These risks and uncertainties include but are not limited to those relating to new product development, results of future clinical trials, and availability of sources of capital, as well as risks discussed in Sequella's Business Plan and Private Placement documents.

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