

FOR IMMEDIATE RELEASE

October 12th, 2009

Sequella Obtains Funding to Continue Expansion of its Anti-infectives Pipeline

NIH grants Sequella its first non-tuberculosis SBIR to develop translocase 1 inhibitor SQ641 for treatment of Non-Tubercular Mycobacteria (NTM)

Rockville, Md. -- Sequella, Inc., a clinical-stage biopharmaceutical company focused on commercializing novel antibiotics to treat life-threatening infectious diseases, today announced that it received a \$594,661 two-year Small Business Innovative Research (SBIR) grant from the National Institutes of Health (NIH), National Institute of Allergy and Infectious Diseases (NIAID) for the development of SQ641, Sequella's lead compound in its capuramycin series, a new class of antibiotic.

The Phase 1 SBIR grant will support studies with SQ641 to investigate activity against several different *Mycobacterium avium* complex and *Mycobacterium abscessus* strains in white blood cells *in vitro* and in animal models. These studies will measure SQ641 activity against clinically important NTM pathogens in anticipation of potential advancement to Investigational New Drug (IND)-directed preclinical studies.

"There are few effective drugs currently available to treat NTM-related infections," said Dr. Carol Nacy, CEO of Sequella, "and these infections are increasing dramatically in the U.S., nearly 5% per year from 1998 to 2007. New infections were reported not only in immunocompromised individuals, as has been seen in the past, but also in a significant and rising number of patients with intact immune systems. New and more potent drugs will be required to treat these bacteria, ubiquitous in water and soil, as they are now posing a threat to everyone."

###

About SQ641

SQ641 is the lead drug candidate from a 7000-compound library of semi-synthetic translocase 1 (TL-1) inhibitors developed as potential treatments for mycobacterial diseases or bacterial pneumonia (*Streptococcus pneumoniae*). TL-1 is a unique antibacterial target, an enzyme required for cell wall synthesis in all bacteria. SQ641 possesses exceptional activity against all members of the *Mycobacteria* family of bacteria, including *M. tuberculosis*, *M. avium* complex, and *M. avium* subspecies *paratuberculosis*, the potential etiological agent of Crohn's disease. SQ641 also has the potential to be effective on additional clinically relevant bacteria. Sequella licensed the compound library from Daiichi-Sankyo (November 2004). Daiichi-Sankyo identified the compound class and performed extensive research and preliminary preclinical development on several drug leads. Sequella has exclusive rights to the series of TL-1 inhibitors for the treatment of TB and all other indications for nearly every worldwide market.

As announced in September 2008, Sequella also received a 3-year, \$2.3 Million NIH Phase 2 SBIR grant for development of SQ641 as an antibiotic for treatment of tuberculosis. Approval for funding the 2nd year of this grant, \$795,701, was received in early September 2009.

About Sequella

Sequella is a clinical stage biopharmaceutical company focused on commercializing improved treatments for infectious 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>. For comments from the NIAID regarding this grant, please contact 301-402-1663.

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. Additionally, the project described above is supported by Award Number RA44A1066442 from the National Institute of Allergy and Infectious Diseases. The content of this release does not necessarily represent the official views of the National Institute of Allergy and Infectious Diseases or the National Institutes of Health.