

For Immediate Release

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Cequent Pharmaceuticals Completes \$9 Million Series A Financing with Equity Investment from Novartis Option Fund

Steven Tregay, PhD, joins Cequent board; companies ink option agreement for a specific target for inflammatory bowel disease products based on Cequent's tkRNAi™ technology

CAMBRIDGE, Massachusetts (June 18, 2007) – Cequent Pharmaceuticals, a pioneer in the development of novel products to deliver RNAi-based treatments to prevent and treat human disease, announced that Novartis Option Fund has invested in the company, completing Cequent's Series A round of financing. Three other venture funds, Ampersand Ventures, Nexus Medical Partners, and Pappas Ventures, opened the round in November 2006. Steven Tregay, PhD, a managing director of Novartis Option Fund, has joined Cequent's board of directors. In a separate agreement, Novartis has an option for a therapeutic inflammatory bowel disease program based on Cequent's proprietary TransKingdom RNA interference (tkRNAi) technology. Specific target and terms of the agreements were not disclosed.

"We are delighted to be among the first investments of Novartis's new Option Fund – it is a great testament to the potential of our tkRNAi technology to significantly improve human health," said Cequent President and CEO, Peter Parker. "Our first closing investors asked Cequent to keep the financing open for six months to include an additional fund. Given the profile of Novartis in the RNAi research community, we could not have conceived of a better outcome. With our lead program in colon-cancer prevention in pre-clinical development, the option structure fits perfectly with Cequent's corporate-development plans. We welcome Steve Tregay to the board and look forward to a fruitful and expanding relationship with the Option Fund and with Novartis as a whole."

Steven Tregay is a managing director of the newly launched \$200 million Novartis Option Fund. Prior to joining the venture group, he was the executive director and head of strategic alliances – oncology, ophthalmology, and technologies at the Novartis Institutes for BioMedical Research. Prior to joining Novartis, Dr. Tregay held various roles in both business development and research. He holds doctorate and master's degrees in organic chemistry from Harvard University and a bachelor's from Davidson College, in North Carolina.

About Novartis Option Fund

The Novartis Option Fund is a \$200 million fund that is part of the Novartis Corporate Venture Funds. Established in 1996, the Novartis Venture Funds currently manage over \$550 million in committed capital and is invested in more than 50 private companies. The objective of the Novartis Option Fund is to seed innovative companies through initial and follow-on investment. The initial investment is coupled with an option to a specific therapeutic program providing early validation for the start-up company's technology/programs by large pharma. The Novartis Venture Funds team of nine investment professionals located in Basel, Switzerland and Cambridge, Massachusetts, brings together extensive expertise in the biotech and pharmaceutical industry and venture capital. For more information, visit www.venturefund.novartis.com

About Cequent Pharmaceuticals, Inc.

An early-stage biopharmaceutical company, Cequent is pioneering the development of novel therapeutics to prevent and treat a wide range of human diseases – from inflammatory diseases to cancer – based on the company's proprietary technology, TransKingdom RNA interference (tkRNAi™). Cequent's first products, now in pre-clinical development, are drug candidates targeting colon-cancer prevention and inflammatory bowel disease. The company designed its powerful tkRNAi technology to deactivate specific disease-causing genes safely and effectively, using non-pathogenic bacteria as an engine to produce and deliver RNAi directly into cells. It is based on ground-breaking scientific research originating at the Beth Israel Deaconess Medical Center/Harvard Medical School. A privately held company based in Cambridge, Massachusetts, Cequent was established in 2006. For more information, visit www.cequentpharma.com

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