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Rx³ Pharmaceuticals Officially Launched

Anti-microbial company formation brings together people, programs, assets, and grant

San Diego, CA, August 26, 2004 – Rx³ Pharmaceuticals, Inc., a new drug discovery company, announced today that it has initiated operations around four, mature preclinical anti-microbial programs. Each of these programs has novel classes of antibiotics with a novel mechanism of action. Products resulting from these programs have the potential to treat a wide range of infections including those caused by bacteria resistant to current antibiotics.

In addition, Rx³ announced that it had acquired various equipment, instruments, and supplies from Elitra Pharmaceuticals, which closed earlier in the year. Six of its former employees agreed to join Rx³ as well. Rx³ has signed a lease for a 5,700 s.f. laboratory and office space at 6310 Nancy Ridge Drive, and it will move into that space immediately. The Company's initial capital will be provided by the founding team as well as a new a three year, \$3 million SBIR phase I grant that it was recently awarded.

“These recent transactions are the culmination of almost three years of work to bring the four programs into one, focused entity,” said John Finn, President of Rx³ Pharmaceuticals. “With the grant as our seed capital, I am confident that this founding team can readily achieve value generating milestones and move these programs into clinical development in the coming years.”

About Rx³ Pharmaceuticals

Rx³ Pharmaceuticals is a drug discovery company applying its structure-based drug design technologies to antimicrobial programs. These programs target novel proteins in validated pathways. Rx³'s discovery team has advanced anti-bacterial programs into late stage drug discovery and expects to identify development candidates in 2006. For more information, visit www.rx3pharma.com.

Except for the historical information contained herein, the matters set forth in this press release are forward-looking statements and are subject to risks and uncertainties that may cause actual results to differ materially from the results described in, or implied by, the forward-looking statements. Rx³ disclaims any intent or obligation to update these forward-looking statements.

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