

FOR IMMEDIATE RELEASE

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OSEL ANNOUNCES PRIVATE FUNDING ROUND, NEW BOARD APPOINTMENT AND CLINICAL TRIAL PROGRESS

SANTA CLARA, December 21 /PRNewswire/-- Osel, Inc., the Bacterio-Therapeutics company, closed a private round of financing, completed the in-clinic portion of a Phase I clinical trial for their first product, LACTIN-V, for the treatment of recurrent bacterial vaginosis, and announced the appointment of Michael Cannon as a new board member.

The conclusion of the Phase I clinical trial of LACTIN-V for recurrent bacterial vaginosis (RBV) represents a significant milestone for Osel. The product is also mid-way through a second Phase I trial for recurrent urinary tract infection (RUTI) under the direction of Dr. Walter Stamm, MD, Professor, Medicine/Infectious Diseases, at the University of Washington, Seattle, WA. Osel plans to initiate two follow-on Phase II trials for RBV and RUTI to begin in late first quarter of 2005.

In discussing recent accomplishments, Mr. Ralph Levy, President of Osel, said, "This year has seen the successful implementation of our clinical trial strategy which has enabled us to close a Series C round of private funding to complete our planned Phase II studies next year. We are delighted that Michael Cannon has agreed to join our Board of Directors. Michael brings highly-respected drug development and business expertise to Osel which will be essential in the coming months."

From 1997 until resigning in 2004 (after Teva acquired SICOR), Michael Cannon served as Executive Vice President and Director of SICOR Inc, the successor of GensiaSicor Inc., a company created by the merger of Gensia, SICOR Spa, and Lemery, a Mexican company. Prior to that, Mr. Cannon was the Chief Scientific Officer for SICOR, a generic manufacturer of bulk corticosteroids, anti-cancer drugs and anesthetics, interrupted by a tenure as President of a newly created Biotechnology Division. In this capacity he oversaw the acquisition and development of the biological business, including initiation and management of international partnerships, as well as design, construction and licensure of protein manufacturing facilities. Earlier he headed business development activities for SICOR. Mr. Cannon, a chemist, is also on the Board of Metabasis, a public biotechnology company located in San Diego.

About Osel

Osel, Inc. is the leading company in the emerging field of Bacterio-Therapeutics. The company's business is based on exploiting recent scientific discoveries demonstrating the central role of naturally occurring mucosal bacteria in the maintenance of health and the prevention of disease. Osel's mission is to harness the protective properties of these specialized non-pathogenic bacteria as a basis for a series of innovative products initially targeted for the prevention and treatment of diseases of the genitourinary and gastrointestinal tracts.

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