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**ARGENTA AND ETIOLOGICS MERGE TO CREATE POWERFUL DISCOVERY SERVICES AND RESPIRATORY DRUG DEVELOPMENT FIRM
--Existing Investors Commit Further £5.9 Million (\$10.5 Million)--**

Harlow and Slough, UK, – October 4, 2004, Argenta Discovery Ltd., a leader in integrated drug discovery services, and Etiologics Ltd, a respiratory drug development company, announced today they have merged to create a powerful new firm that provides comprehensive drug discovery contract research capabilities to global pharmaceutical customers, while also developing novel agents for respiratory and inflammatory conditions. Existing investors MVM Ltd., 3i, ABN AMRO Capital, Genavent and TTP Ventures have invested an additional £5.9 million (\$10.5 million) in the new entity.

The merged organization is called Argenta Discovery and employs approximately 120 people. Christopher Ashton, Ph.D., formerly CEO of Etiologics, is Chief Executive Officer of the new firm.

“This strategic merger based on a sustainable business model unites two companies with complementary strengths and interests to create a leading provider of drug discovery services with particular expertise in respiratory drug research,” said Dr. Ashton. “Our enhanced drug discovery capabilities are good news for our pharmaceutical customers, who include many of the top firms in the world. The merger also leverages Argenta’s productive research engine to accelerate Etiologics’ innovative respiratory and inflammatory drug development programs.”

The merger combines the established strengths of two synergistic businesses. Argenta has drug discovery expertise in medicinal, synthetic and analytical chemistry; biochemistry and computational techniques. Its global pharmaceutical customers include AstraZeneca, Aventis, Bayer, GlaxoSmithKline, H. Lundbeck and Teijin. The Etiologics research team brings experience in respiratory drug discovery and development to the new entity, focusing on identifying novel agents to treat both the symptoms and progression of chronic obstructive pulmonary disease (COPD), cystic fibrosis (CF) and other chronic respiratory diseases. These capabilities were significantly bolstered last year when Etiologics acquired the U.K. pre-clinical respiratory research group of Bayer Pharmaceuticals. Etiologics already has a number of preclinical respiratory development programs underway.

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Dr. Ashton continued, “Etiologics has a leading position in, and understanding of, COPD. The group has over two decades of experience in respiratory research, unique automated imaging technologies, specialized screens and proprietary disease models, all aimed at selecting the best candidates to progress into the clinic. These assets will enrich Argenta’s strong contract drug discovery capabilities in diverse therapeutic areas. At the same time, Argenta’s capabilities enhance Etiologics’ existing programs focused on the discovery and development of novel agents for COPD and CF, multi-billion dollar markets with major unmet medical needs.”

Dr. Mary Fitzgerald of Etiologics, and Dr. Christopher Newton and Colin Knox of Argenta will hold Board positions in the new company as Director of R&D, Chief Scientific Officer and Chief Financial Officer respectively.

The new company is headquartered at Harlow, Essex and will maintain its laboratories in Slough, Bucks, U.K.

Argenta provides peer quality contract services in drug discovery to pharmaceutical and biotechnology companies. It leverages its industry experienced scientists to deliver rapid hit finding capabilities and the ability to discover, convert and optimize hits and leads into potential drug candidates. In the year to March 2004, Argenta sales were \$11.7 million (£6.7 million). Argenta raised more than \$13 million (£7.5 million) on its inception in August 2000. For more information see the company’s web site at www.argentadiscovery.com.

Etiologics has world-class biology and pharmacology expertise and proprietary technology in chronic respiratory diseases including COPD. Etiologics provides contract research services and has established collaborative research partnerships with leading pharmaceutical companies, which now also will be able to access the broad drug discovery expertise provided by Argenta. Etiologics is developing a number of internal proprietary programs in COPD with the goal of taking them through Phase IIa proof-of-concept studies before partnering. Etiologics raised \$6.1 million (£3.5 million) on its inception in October 2002. For more information see the company’s web site at www.etiologics.com.