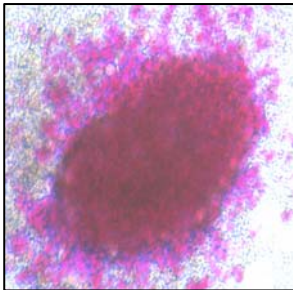


The Company

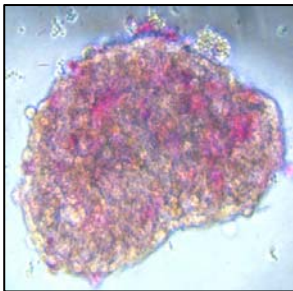
DiaKine Therapeutics, Inc. is targeting unmet medical needs in a \$13 billion dollar diabetes market with proprietary therapies that have the potential to dramatically change the way the disease is treated by disrupting one of its root causes: inflammation. The therapies under development from DiaKine's drug platform are small molecules with unique anti-inflammatory and immune modulating properties that represent a novel approach to treating type 1 and type 2 diabetes and many related complications. Because of this novel approach to therapy this class of drugs has the potential to become the standard of care by arresting the disease, restoring insulin production and halting long term complications. Safety and potential therapeutic effects are supported by numerous pre clinical studies including those with human beta cells.

The Science

Our lead compound is Lisofylline (LSF), a small-molecule drug that blocks the destructive, inflammatory actions of immune agents called cytokines. Cytokines have been shown in numerous studies to be components in the inflammation pathway that destroy insulin-producing beta cells found in the pancreatic islets – a hallmark of type 1 diabetes and Latent Autoimmune Diabetes of Adults (LADA). Additionally, there is clear evidence that lipotoxicity, glucotoxicity, and other inflammatory factors induces progressive beta cell drop out in type 2 diabetes.



Human islet in cytokine solution being destroyed



Human islet in cytokine solution protected by DiaKine drug

DT 22669 and DT 23552 are two of the next generation of orally bioavailable immune modulators with a similar or enhanced spectrum of action to LSF under development at DiaKine.

A number of studies have shown LSF's immune modulating effects on the cytokine network and in protecting pancreatic beta cells from immune attack. In addition to blocking autoimmune attack, LSF enhances beta cell function and insulin production, according to pre-clinical studies using human islets. LSF is well tolerated and has presented no major toxicity in animal toxicology and clinical studies performed so far. DT 22669 and DT 23552 have demonstrated oral bioavailability in primates and no significant toxicity in pharma screens.

Planned Indications

The diabetes and diabetic complications market opportunities for LSF and our related oral compounds are large and growing. Segments in the \$13 billion market opportunity include islet cell transplant therapy, type 1 diabetes, LADA, insulin-using type 2 diabetes, and diabetes-related complications such as nephropathy and retinopathy. Lead indications:

- As an adjunct therapy for islet cell or any other cellular transplantation engineered to reverse type 1 diabetes. Pretreatment of isolated islet cells in transplant media and ongoing therapy for transplant patients.
- Reversing or arresting the progression of diabetes in type 1, LADA and insulin-using type 2 patients.
- Treatment of diabetic nephropathy and diabetic retinopathy.

Board & Management

Jerry Nadler, M.D.
Chief Science Officer
Chairman

Keith D. Igotz
CEO & President
Director

James B. Farinholt, Jr.
Tall Oaks Capital, LP
Director

Jack W. Singer, M.D.
Cell Therapeutics, Inc.
Director

Mary Ann Latona Nadler
VP Regulatory Affairs
Director

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Product Pipeline

3 Lead Molecules - 8 Therapeutic Indications—Media product with near-term launch

	Discovery	Lead Molecule	Preclinical	Phase 1	Phase 2
<i>Parenteral Drugs: Type 1 Diabetes</i>					
Islet Cell Transplant					LSF, IV
Treatment of Newly Diagnosed Type 1					LSF, SC
<i>Oral Drugs: LADA, Type 2 and Complications</i>					
LADA					DT 22669
Insulin-dependent Type 2					DT 22669
Diabetic nephropathy					DT 23552
Diabetic retinopathy					DT 23552
Diabetic cardio complications					
Metabolic syndrome					

LSF could potentially increase the number of islet cell transplants by improving the function and viability of the isolated cells.

Intellectual Property

DiaKine holds an exclusive, world-wide license to develop and market products based on the discoveries associated with Lisofylline and the next generation of orally bioavailable immune modulators with a similar spectrum of action for the treatment of both type 1 and type 2 diabetes and related complications. The Company holds a large in-licensed and internally developed intellectual property portfolio including broad methods of use and composition of matter protection.

Recent Major Research Publications

Here is a sampling of our latest research publications. Visit www.diakine.com to read more publications and the latest DiaKine news.

April 2006 –

Combined treatment with lisofylline and exendin-4 reverses autoimmune diabetes *Biochemical and Biophysical Research Communications*; Copyright 2006 Elsevier, Inc.; Published April 5, 2006; doi:10.1016/j.bbrc.2006.03.173

February 2006 –

A Mechanism Linking Glucose to Inflammation - *The Endocrine Society Endocrinology* published February 2, 2006 as doi:10.1210/en.2005-0519

August 2005 –

Activation of the 12-Lipoxygenase and Signal Transducer and Activator of Transcription Pathway During Neointima Formation in a Model of the Metabolic Syndrome - *Am J Physiol Endocrinol Metab* (August 23, 2005).

Oral compound DT 22669 targets LADA and Type 2. Oral compound DT 23552, target diabetes eye and kidney complications.

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