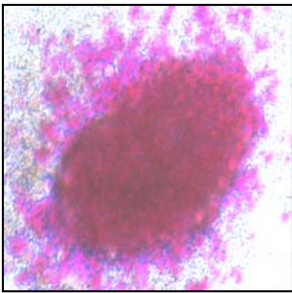


The Company

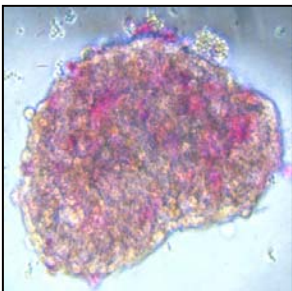
DiaKine Therapeutics, Inc. is a start-up company developing new, proprietary therapies that have the potential to dramatically change the way diabetes is treated by disrupting one of its fundamental causes: inflammation. Because of their unique anti-inflammatory and immune modulating properties, our therapies address type 1 and type 2 diabetes and many related complications, providing a market opportunity in excess of \$13 billion.

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 spectrum of action to LSF under development by 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. Ignatz
CEO & President
Director

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

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

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VP Regulatory Affairs
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Development Status

Product	Use	Launch
LSF cell culture media	Pretreatment of islets	2007
Drug products	Indication	Preclinical Phase 1 Phase 2 Phase 3
LSF, IV	Adjunct therapy to improve outcomes in beta cell replacement therapy or any cellular therapy engineered to reverse of diabetes	
LSF, SC	Reverse or halt progression of type 1 diabetes	
DT22669/DT23552	Treatment of insulin requiring type 2 diabetes	
DT22669/DT23552	Treatment/prevention of LADA	
DT22669	Treatment/prevention of diabetic nephropathy	
DT23552	Treatment/prevention of diabetic retinopathy	

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 more than 50 patents and patent applications and the Investigational New Drug Application (IND) for LSF.

News and Recent Research

June 12, 2005 –

Reversal of Type-1 Diabetes in NOD Mice with Combination of Exendin-4 and Lisofylline

Jeffrey Carter, Meng Chen, Kellie Smith, Jerry Nadler and Zandong Yang Charlottesville, VA
-- American Diabetes Association 65th Annual Scientific Sessions

June 1, 2005 –

DiaKine Therapeutics Acquires Investigational New Drug Application for Lisofylline

May 2005 –

Inflammatory Blockade Improves Human Pancreatic Islet Function and Viability
American Journal of Transplantation 2005; 5:475-483 Blackwell Munksgaard

January 2005 –

Lisofylline: a potential lead for the treatment of diabetes
Biochemical Pharmacology 69 (2005) 1-5 Elsevier

Oral compounds, DT 22669 and DT 23552, target diabetes eye and kidney complications.

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