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## **DiaKine Therapeutics Acquires Investigational New Drug Application for Lisofylline**

*Lisofylline holds promise of improving islet cell transplant results; halting progression of diabetes*

CHARLOTTESVILLE, VA (June 1, 2005) -- DiaKine Therapeutics, Inc. today announced that it has acquired the Investigational New Drug (IND) application for Lisofylline (LSF) from Cell Therapeutics, Inc. (NASDAQ and Nuovo Mercato: CTIC). DiaKine will administer and maintain the IND as the company conducts human clinical trials of the effectiveness of Lisofylline in treating diabetes and its complications. The acquisition of the IND is a part of a license agreement entered with Cell Therapeutics, Inc. (CTI) on January 4, 2005.

“Having the DiaKine-managed IND in place for Lisofylline is an important milestone that adds considerable value to the company,” said Keith D. Ignatz, Chief Executive Officer and President of DiaKine Therapeutics, Inc. “The process of preparing an IND application is costly and time consuming. Acquiring the rights to the IND allows us to move more rapidly and efficiently into the next phase of clinical trials.”

Lisofylline from DiaKine Therapeutics is scheduled to enter a National Institute of Diabetes & Digestive & Kidney Diseases (NIDDK) Type-1 Diabetes islet cell transplant consortium clinical trial during the second half of this year. The trial is designed to measure the ability of LSF to improve the functional yield of islet cells being made ready for transplant, and to maintain the viability of newly transplanted cells by blocking damaging inflammatory signals. Previous studies show that LSF is effective in preventing human islet cell death (apoptosis), which begins occurring at the time of donor tissue procurement, and improves the function and viability of isolated or transplanted human islet cells in the body.

###More###

### **About Lisofylline and Diabetes**

Lisofylline is a synthetic small molecule with novel anti-inflammatory properties. LSF has demonstrated that it can effectively prevent Type-1 diabetes in preclinical models. LSF has shown to improve cellular mitochondrial function and to block interleukin 12 (IL-12) signaling and STAT-4 activation in target cells and tissues. IL-12 and STAT 4 activation are important pathways linked to inflammation and autoimmune damage to insulin producing cells. Therefore LSF, and the next generation of orally active immune modulators with a similar spectrum of action, offer the promise of providing a new therapeutic approach to prevent or reverse Type-1 diabetes. Studies further indicate that LSF also directly reduces glucose-induced changes in human kidney cells suggesting that LSF and orally-active immune modulators have the potential to treat the complications associated with diabetes.

### **About DiaKine Therapeutics, Inc.**

DiaKine Therapeutics is a development-stage company commercializing Lisofylline and related compounds into therapies for diabetes and related complications. The Company was spun out of research into the diabetes treatment applications of LSF conducted by Dr. Jerry L. Nadler, Chief of Endocrinology and Metabolism at the University of Virginia School of Medicine. Initial therapies being developed by DiaKine are an adjunct to improve the outcomes of islet cell transplants and to halt the progression of Type-1 diabetes in newly-diagnosed adults. Future applications include treatment for diabetes complications and Latent Autoimmune Disease of Adults (LADA) diabetes.

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