



For Immediate Release
Bill Wells – 404-281-7490

DiaKine Therapeutics Wins Rights to Portfolio of New Immune Modulating Drugs

New oral medications designed to treat diabetes, and other leading autoimmune diseases

CHARLOTTESVILLE, VA (February 21, 2007) -- DiaKine Therapeutics, Inc. today announced it plans to develop pills, that when taken on a regular basis, will inhibit diseases such as diabetes, allowing people to live more normal lives. The new compounds were created by Dr. Jerry Nadler and Dr. Timothy Macdonald and their team at the University of Virginia and licensed to DiaKine.

The new drugs modulate cytokines, part of the body's immune system, which mistakenly attack normal organs and tissue and cause diseases such as; Diabetes, Multiple Sclerosis and Inflammatory Bowel Disease. Research by Dr. Nadler and his collaborators published in 2006 showed that controlling certain cytokines can arrest the progression of, or reverse, type 1 diabetes in an animal model.

“The IL-12 cytokine has been implicated in many autoimmune and inflammatory diseases and is supported by numerous studies,” said Dr. Nadler. “It is considered an excellent target for drug development by the pharmaceutical industry. This new in-licensed library holds the promise of new therapies for many patients for whom current therapies are either inadequate or do not exist.”

“This new license adds additional strength to our outstanding patent portfolio and opens up additional strategic partnering opportunities,” said Keith Ignatz, President and CEO of DiaKine. “In addition to diabetes, we now have drugs to treat many applications in all fields of autoimmune disease.”

Under terms of the agreement with the University of Virginia Patent Foundation (UVAPF), DiaKine received a world-wide, exclusive license to the intellectual property and patent rights of the library of immune modulators for development in all fields. UVAPF received a paid up license fee in the form of cash and common stock in DiaKine. Additionally, UVAPF will receive milestone payments upon the achievement of predetermined development goals and royalties on potential future sales of the product. DiaKine will assume responsibility for all costs related to the development of the new drugs, as

###MORE###

well as costs associated with maintaining the licensed patents.

“This is an important portfolio of compounds and we believe that DiaKine Therapeutics is in the best position to get them to people who suffer from these debilitating and life threatening diseases,” said Robert MacWright, Executive Director & CEO of The University of Virginia Patent Foundation (UVAPF). “In addition to potentially improving the quality of life for millions of people, this agreement will also lead to additional important research at the University.”

In addition to Dr. Nadler and Dr. Macdonald as the primary inventors of the new library of small molecule compounds the team included Dr. Peng Cui. Dr. Nadler is the Division Chief of Diabetes, Endocrinology, and Metabolism at the University of Virginia as well as the Chief Scientific Officer for DiaKine Therapeutics. Dr. Macdonald is a Professor and immediate past Chairman of Chemistry at the University of Virginia. Dr. Cui is a graduate student at the University of Virginia. The team studied the structural activity relationship for suppression of transcription factor activation through IL-12 blockade and designed novel immune modulators with improved potency and selectivity. In addition, the new drugs are designed to be oral agents.

About DiaKine --

DiaKine Therapeutics, Inc. is a development-stage company commercializing novel immune modulators initially targeting the treatment of autoimmune and inflammatory diseases such as diabetes and related complications and now, with the newly licensed technology, has the potential to bridge into Crohns, Multiple Sclerosis and a host of other autoimmune disease states. These new drugs regulate cytokines, part of the body’s immune system, which mistakenly attack normal organs and tissue and cause inflammation. The company’s first product, IsletLife-LSF Media 1 is designed to improve the viability and insulin producing capabilities of harvested islet cells prior to transplant, potentially improving the success rate of the procedure. Additional therapeutics under development by DiaKine include: adjunct therapy to islet cell transplants, halting the progression of type 1 diabetes in newly diagnosed adults, treatment and prevention of Latent Autoimmune Diabetes of Adults (LADA), treatment and prevention of insulin requiring type 2 diabetic, treatment and prevention of diabetes complications. For more information, visit www.diakine.com.

###END###