



Press Release, October 7, 2009

Diamyd close to important milestone

Diamyd Medical announces today that 90 percent of the total 320 children and adolescents with type 1 diabetes due to participate in the company's European Phase III study with the diabetes vaccine Diamyd® have now been included and have received injections of Diamyd® or placebo. The company expects all participants to have been included in the study by November 2009.

Diamyd Medical is conducting a global Phase III program with the diabetes vaccine Diamyd® comprising a study in nine countries in Europe and a study in the US. In each study 320 children and adolescents aged 10-20 newly diagnosed with type 1 diabetes will take part.

"We are now close to our first important milestone in the Phase III program," says **Elisabeth Lindner**, President and CEO of Diamyd Medical. "We expect the study to be fully recruited by November 2009." "The results will be analyzed during spring 2011, when all patients have participated in the study for 15 months."

The purpose of the study is to investigate whether the Diamyd® vaccine can delay or stop the break-down of beta cells in the pancreas and hence preserve the body's own ability to control the blood sugar in patients newly diagnosed with type 1 diabetes. This could in turn reduce the risk for acute and long-term diabetic complications.

In the study, two thirds of participants are receiving the Diamyd® vaccine and one third is receiving placebo (an inactive substance). The study is conducted at 70 clinics in Europe.

As previously announced, the company is investing in accelerated patient recruitment for the parallel US Phase III study with the diabetes vaccine Diamyd® through recruitment campaigns and an increase in the number of participating US pediatric diabetes clinics.

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About Diamyd Medical

Diamyd Medical is a Swedish diabetes company focusing on the development of pharmaceuticals for the treatment of autoimmune diabetes and its complications. The company's most advanced project is the GAD-based drug Diamyd® for type 1 diabetes. Phase III trials for this drug are in progress in both Europe and the US. In addition, the company has initiated clinical studies in the US in the area of chronic pain, using its Nerve Targeting Drug Delivery System (NTDDS). The company has also out-licensed the use of GAD for the treatment of Parkinson's disease. The company currently has three clinical-phase products.

Diamyd Medical has offices in Sweden and in the US. Shares are listed on Nasdaq OMX in Stockholm (ticker: DIAM B) and on OTCQX in the US (ticker: DMYDY) administered by the Pink OTC Markets and

the Bank of New York Mellon (PAL). Further information is available on the company's website:
www.diamyd.com.

This information is disclosed in accordance with the Swedish Securities Markets Act, the Swedish Financial Instruments Trading Act, or the requirements stated in the listing agreements.

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