



Press Release, October 23, 2009

Diamyd reports successes in Q4

In her comments in today's year-end report, Elisabeth Lindner, President and CEO of Diamyd Medical, reports that in the last year Diamyd has come ever closer to realizing its vision of being able to prevent and cure the autoimmune form of diabetes in the future.

The most recent quarter has seen significant success in the American Phase III study of the Diamyd® diabetes vaccine, since the US FDA approved the inclusion of children aged 10 and above. The number of clinics in the US will now be gradually tripled to over forty, and an agreement has been signed with patient recruitment firm Inclinx Inc. to accelerate the recruitment of patients. The long-term follow-up of the company's Phase II study in children and adolescents with newly diagnosed type 1 diabetes continues to show positive development, and the European Phase III study is also progressing well. It will be fully recruited in November.

– The successes in our clinical trials, taken together with increased interest in our company and the secured financing of our Phase III results position Diamyd as a diabetes company with an exciting future, says **Elisabeth Lindner**, President and CEO of Diamyd Medical.

During the quarter the first children were also vaccinated in a Swedish prevention study of the Diamyd® diabetes vaccine with the aim of preventing type 1 diabetes. This is the first test ever of preventive vaccination with Diamyd® for this chronic disease.

After the end of the reporting period Diamyd resolved to implement a fully underwritten new share issue of just under MSEK 220 with preferential rights for existing shareholders. The last day to subscribe is October 30, 2009. The company has also, after the end of the reporting period, executed a settlement agreement with Apoteket AB regarding a clinical study in LADA patients, which was invalidated in 2007. Diamyd has claimed damages from Apoteket AB for unnecessary costs related to the invalidated study. The settlement agreement includes a payment of SEK 11 million to Diamyd as compensation for the insufficiencies in Apoteket's routines and documentation causing Diamyd to invalidate the study.

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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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