



Press Release, July 29, 2010

Diamyd Receives USD 45 Million Upfront Payment

Diamyd Medical AB has received the upfront payment of USD 45 million from Ortho-McNeil-Janssen Pharmaceuticals, Inc. (OMJPI), a Johnson & Johnson company.

The upfront payment relates to the previously announced closing of the agreement between Diamyd and OMJPI for development and commercialization of the GAD65 antigen-based therapy (Diamyd®) for the treatment and prevention of type 1 diabetes and associated conditions, which was announced on July 16, 2010.

"A new chapter has started for Diamyd," says Elisabeth Lindner, CEO and President of Diamyd Medical. "We are pleased to continue building value for patients and shareholders."

As previously reported, the parties will equally share costs for the development program until results from the ongoing EU Phase III study, expected in the first half of 2011. OMJPI has the right to fully assume responsibility for the development program upon reviewing the results. Diamyd has the potential to receive additional development and sales milestone payments of up to USD 580 million, as well as tiered royalties on future sales.

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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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