



Press Release, July 1, 2010

Diamyd on the threshold of a new era

In her comments in today's quarterly report, Elisabeth Lindner, President and CEO of Diamyd Medical, notes that a new chapter has begun in the Company's history with last week's agreement with Ortho-McNeil-Janssen Pharmaceuticals, Inc., to develop and commercialize the Diamyd® diabetes therapy.

"We will realize the plan to bring Diamyd® to the market in the Nordic countries ourselves and have negotiated exclusivity for this region," says Elisabeth Lindner, President and CEO of Diamyd Medical. "The Nordic market is a prestige market for type 1 diabetes in that the Nordic countries have the highest incidence of the disease in the world."

During the report period Diamyd Medical could announce that the US FDA has granted Diamyd® Orphan Drug Designation in the USA, which among other things qualifies Diamyd® for seven years of market exclusivity, tax credits for clinical research and a waiver for certain FDA fees. Further, Diamyd has announced that the Company's US Phase III study, DiaPrevent, has enrolled one hundred study participants at 33 diabetes centers and that more sites will be added. Additionally Diamyd has received SEK 35 million through a direct placement.

After the end of the period, Diamyd signed an agreement with Ortho-McNeil-Janssen Pharmaceuticals, Inc. (OMJPI), a Johnson & Johnson company, to develop and commercialize the Diamyd® diabetes therapy. OMJPI will make an upfront payment of USD 45 million, and under the terms of the agreement, 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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