Press Release June 22, 2009

First children vaccinated in Diamyd®-study in order to prevent diabetes

Diamyd Medical reported today that the first children have been vaccinated in a unique prevention study with the diabetes vaccine Diamyd®. The purpose of the study is to investigate whether vaccination with Diamyd® may prevent or delay that children, with high risk to develop type 1 diabetes, get the disease. This is the first time ever that vaccination is tested with the purpose to prevent this chronic disease.

The children participating in the Diamyd®-study are at high risk of developing type 1 diabetes. It has been concluded that they all have an ongoing autoimmune disease process, where their insulin-producing cells are being destroyed by their own immune system. If the destruction is not stopped, it can with time lead to type 1 diabetes. Today there is no treatment that can prevent the progress of the disease.

> "We are hoping that treatment with Diamyd® will alter this situation, so that we in the future could help children already before they develop type 1 diabetes," says **Helena Elding Larsson, pediatrician** at the UMAS university hospital in Malmö and researcher at Lund University. "So far three children have been treated with two injections each of the Diamyd® vaccine or placebo," states Elding Larsson.

The objective is to evaluate whether vaccination with Diamyd® could delay or halt the progress of the disease, so that the children do not develop type 1 diabetes. Diamyd Medical reported on March 4 this year that the Swedish Medical Products Agency had approved the study.

> "If the Diamyd® vaccine would be able to prevent or delay this serious disease, which primarily affects children and adolescents, we are facing a medical breakthrough," says **Elisabeth Lindner,** President and CEO of Diamyd Medical.

The study, which is the first of its kind, is double-blind and placebo controlled and includes a total of 50 children ages four and above. Half of the children will receive two injections of the Diamyd® vaccine, and half will receive placebo (a non-active medication).

In type 1 diabetes, the children's blood sugar must be checked and insulin injections must be taken several times a day, while careful attention must be paid to diet and exercise. Type 1 diabetes is a chronic disease for which there is currently no cure. The disease must be strictly controlled in order to avoid the serious complications associated with diabetes.

A few studies aiming to prevent type 1 diabetes have been conducted worldwide, but no one has yet been able to affect the progress of the disease. Researchers have for a long time been convinced that the active substance in Diamyd® (GAD) may prevent type 1 diabetes. Now the development of the drug has progressed far enough to initiate a prevention study in children.

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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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