



Press Release, March 11, 2009

TrialNet Centers Begin Diamyd[®] Vaccine Study for Recent-Onset Type 1 Diabetes

*Diamyd Medical announces today that **Type 1 Diabetes TrialNet**, a clinical network funded by the National Institutes of Health to prevent and treat newly diagnosed type 1 diabetes, has started recruiting patients for a clinical trial testing the Diamyd[®]-vaccine's therapeutic benefit in individuals with recent-onset type 1 diabetes.*

The study will, as previously announced, assess the vaccine's ability to protect and preserve insulin-secreting beta cells, which are destroyed by the body's immune system in type 1 diabetes. Under the terms of the agreement with the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), a part of the National Institutes of Health, Diamyd Medical has supplied Diamyd[®] (GAD-alum) and placebo material for the trial.

"We are pleased to announce the launch of this trial, which will employ state-of-the-art technology to investigate the vaccine's modulation of the immune system to induce immune tolerance in type 1 diabetes. We look forward to studying the vaccine's effect and mechanism of action at TrialNet's 15 clinical centers in North America," says **Dr. Jay Skyler**, TrialNet Chair and Professor of Endocrinology, Diabetes, and Metabolism at the University of Miami.

"This is good news," notes **Elisabeth Lindner**, President and CEO of Diamyd Medical. "It is of great value that key leading diabetes experts and thought leaders now will get first hand experience with the Diamyd[®] vaccine prior to market introduction."

TrialNet centers are conducting the Phase II study in 126 patients with type 1 diabetes diagnosed in the previous three months. In the study, patients will receive three injections of Diamyd[®], two injections of Diamyd[®] plus one injection of placebo, or three injections of placebo. The study will be conducted at the following Type 1 Diabetes TrialNet centers in North America:

Joslin Diabetes Center, Massachusetts (Principal Investigator (PI) – Dr. Orban);
Yale University School of Medicine, Connecticut (PI – Dr. Herold);
Columbia University, New York (PI – Dr. Goland);
Children's Hospital of Pittsburgh, Pennsylvania (PI – Dr. Becker);
University of Florida, Florida (PI – Dr. Schatz);
University of Miami, Florida (PI – Dr. Marks);
Indiana University, Indiana (PI – Dr. Rodriguez);
Barbara Davis Center for Childhood Diabetes, Colorado (PI – Dr. Gottlieb);
University of Texas, Texas (PI – Dr. Raskin);
University of California San Francisco, California (PI – Dr. Gitelman);
Stanford University, California (PI – Dr. Wilson);
Children's Hospital of Los Angeles, California (PI – Dr. Kaufman);
University of Minnesota, Minnesota (PI – Dr. Moran);
Benaroya Research Institute, Washington (PI – Dr. Greenbaum);
Hospital for Sick Children, University of Toronto, Canada (PI – Dr. Wherrett).

For more information about TrialNet studies, see www.DiabetesTrialNet.org or call 1-800-HALT-DM1 (+1-800-425-8361) in the U.S.

Type 1 Diabetes TrialNet is an international consortium dedicated to advancing the science of prevention and early treatment of type 1 diabetes. TrialNet is a worldwide network of 18 clinical centers and more than 150 additional affiliated centers participating as collaborating clinical sites. TrialNet is supported by the United States National Institutes of Health, Juvenile Diabetes Research Foundation International, and the American Diabetes Association.

In addition to the TrialNet study, the Diamyd[®] vaccine is also being studied in several other clinical trials funded by third parties. These include a U.S. Phase II study combining Diamyd[®] with beta cell regenerative agents in 84 patients (funded by the National Institutes of Health); a Norwegian Phase II characterization and prevention study in 150 participants; and a Swedish Phase II prevention study in 50 children at high risk for developing type 1 diabetes.

Type 1 diabetes is an autoimmune disease in which the insulin-producing cells of the pancreas are attacked and destroyed by the patient's own immune system. In an earlier Phase II study, the Diamyd[®] vaccine was shown to intervene in this autoimmune process and preserve patients' insulin producing capacity. (Ludvigsson et al, New England Journal of Medicine, October 2008). The company's own Phase III studies with Diamyd[®] are ongoing in the U.S. and in nine countries in Europe.

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Diamyd Medical is a Swedish biopharmaceutical company focusing on development of pharmaceuticals for treatment of autoimmune diabetes and its complications. The company's most advanced project is the GAD-based drug Diamyd[®] for type 1 diabetes for which Phase III trials are ongoing in both the US and Europe. Furthermore, the company has ongoing clinical studies within 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.

Diamyd Medical has offices in Sweden and in the US. The share is quoted on the OMX Stockholm Nordic Exchange (ticker: DIAM B) and on OTCQX in the US (ticker: DMYDY) administered by the Pink Sheets and the Bank of New York (PAL). Further information is available on the company's web site: www.diamyd.com.

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