Press release, November 13, 2008

New patent for the treatment of diabetes complication exclusively licensed by Diamyd

A European patent has been granted for the use of nerve growth factors for the treatment of erectile dysfunction, also known as impotence. Diamyd Medical has an exclusive license for the patent, and patent applications have been filed in North America and Asia.

Preclinical studies have shown significant results in the treatment of erectile dysfunction caused by nerve damage with the nerve growth factors Neurturin, GDNF or NT3. The results are represented in several scientific publications authored by researchers at the University of Helsinki, the University of Pittsburgh, and Diamyd Inc.

Diamyd Medical’s US subsidiary, Diamyd Inc, develops products based on the NTDDS-platform (Nerve Targeting Drug Delivery System). NTDDS is a system that can deliver therapeutics directly to the nerves. The technology has been shown to be highly effective in direct delivery of nerve growth factors, and may be used in the future for prevention and treatment of erectile dysfunction caused by nerve damage.

“Nerve damage related to prostate surgery is an acute situation where a single prophylactic dose of nerve growth factors delivered via NTDDS would be the entire treatment. This NTDDS-treatment could be amenable to outlicense or partnership,” says Darren Wolfe, President of Diamyd Inc.

Erectile dysfunction is common among older men and the incidence increases with age. It is also a common medical complication as a result of diabetic neuropathy or prostate surgery. Approximately 65 to 75 percent of prostate cancer surgery patients experience impotence. Approximately 35 to 50 percent of all men with diabetes suffer from erectile dysfunction.

"This is an excellent example of our new market-oriented products related to diabetes complications, and it is completely in line with our strategy of building a pharmaceutical company in the area of diabetes,” says Elisabeth Lindner, President and CEO of Diamyd Medical.

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This information is disclosed in accordance with the Securities Markets Act, the Financial Instruments Trading Act or demands made in the exchange rules.

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 and for which Phase III trials are ongoing in both the US and Europe. Furthermore, the company has initiated 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.