



Press Release October 14, 2009

Diamyd receives compensation from Apoteket AB

Diamyd Medical announces today that the company has executed a settlement agreement with Apoteket AB regarding a clinical study in LADA patients, which was invalidated in 2007. The cause of the invalidation was contradictory data, which gave reason to suspect a mix-up of active drug and placebo.

Diamyd contracted Apoteket AB in 2004 for handling of blinding, randomization and labeling of the study drug for a clinical study with 160 LADA patients. As the study was unblinded and reported during summer 2007, the data was found to be inconclusive. An inspection at the pharmacy, that had handled the study drug, revealed insufficiencies in routines and documentation, which made it impossible to conclude which patients had received active drug and which patients had received placebo. The study was invalidated on these grounds.

Diamyd has claimed damages from Apoteket AB for unnecessary costs related to the invalidated study. The settlement agreement includes a payment of SEK 11 million to Diamyd as compensation for the insufficiencies in Apoteket's routines and documentation causing Diamyd to invalidate the study.

"We have now agreed on a settlement with Apoteket AB and we are looking forward to, in new LADA studies, confirm earlier positive results that have been reported in this patient group after treatment with the diabetes vaccine Diamyd[®]", says **Elisabeth Lindner**, President of Diamyd Medical.

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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. Diamyd Medical 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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