



Press Release, September 15, 2009

## **Diamyd implements fully underwritten rights issue and strengthens negotiation position**

*The Diamyd Medical Board of Directors has, subject to approval at the shareholder's meeting, decided to implement a preferential rights issue of 220 MSEK. The new share issue strengthens Diamyd's negotiation position in the ongoing process to find an industrial partner as well as secures financing of the Phase III studies. The rights issue is 100% underwritten through undertakings by existing shareholders and underwriters.*

The market for treatment of newly diagnosed young type 1 diabetes patients in Europe and the US is estimated to exceed 1 billion dollars per year. Based on the recent positive results from the clinical studies and the substantial interest from international pharmaceutical companies, the new issue is implemented with a clear message. Diamyd Medical will through the offering get the means to independently run the Phase III program to results, which provides options regarding the optimal structure and timing for business transactions.

– We are close to reaching the goal, says **Elisabeth Lindner**, President and CEO of Diamyd Medical. Our long-term study has recently shown that the diabetes vaccine Diamyd® still after four years has changed the course of the disease in a highly positive way for diabetes patients. We have business discussions with more than one big pharmaceutical company and secured financing until Phase III data strengthens our position.

Diamyd Medical is conducting a global Phase III program with the diabetes vaccine Diamyd®, where in total 640 children and adolescents with newly diagnosed type 1 diabetes are included. The purpose of the study is to confirm and evaluate the potential of the Diamyd® vaccine to stop or delay the autoimmune breakdown of the body's insulin producing cells and thereby preserve the body's own capacity to make insulin in patients with type 1 diabetes. The study results are expected to be available during spring 2011.

The Board of Directors' conditioned decision on a rights issue will be presented for approval at an extra shareholder's meeting Wednesday October 7, 2009, at 3 p.m. at Diamyd's premises at Linnégatan 89B in Stockholm. The notice of the shareholder's meeting is attached to this press release. The notice is planned to be published in Svenska Dagbladet and Post- och Inrikes Tidningar on Thursday September 17, 2009.

### **Terms for the rights issue in short**

- The new issue includes up to 3 131 091 shares, whereof up to 157 267 A shares and up to 2 973 824 B shares.
- The issue price is 70 SEK per share.
- Every twenty-five (25) existing shares entitles to subscription of seven (7) new shares.
- Preferential right in each class of shares; in addition subsidiary preferential right.

### **Preliminary time plan for the rights issue**

Extra shareholder's meeting	October 7, 2009
Last day of trading including preferential rights	October 9, 2009
Record day for participation in the rights issue	October 14, 2009
Estimated day for publication of prospectus	October 14, 2009
Subscription period	October 16 – 30, 2009
Trading with preferential rights	October 16 – 27, 2009

**For more information, please contact:**

Elisabeth Lindner, President and CEO Diamyd Medical AB (publ.)

Phone: +46 8 661 0026

**For pictures and press material, please contact:**

Andreas Ericsson, Diamyd Medical AB (publ.)

andreas.ericsson@diamyd.com

Phone: +46 8 661 0026

**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<sup>®</sup> 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](http://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.*

**Diamyd Medical AB (publ.)**

Linnégatan 89 B, SE-115 23 Stockholm, Sweden. Tel: +46 (0)8 6610026, Fax: +46 (0)8 661 63 68

E-mail: [info@diamyd.com](mailto:info@diamyd.com). VAT no: SE556530-142001.

## **Notice of extra shareholder's meeting in Diamyd Medical AB (publ)**

The shareholders of Diamyd Medical AB (below "Company") are called to an extra shareholder's meeting Wednesday October 7, 2009 at 3 p.m. at the Company's premises at Linnégatan 89B in Stockholm.

### **Notification**

Shareholders shall to be able to participate in the shareholder's meeting be included in the Euroclear Sweden AB share register by Thursday October 1, 2009, and notify the Company by telephone +46-8-6610026, by mail to address Linnégatan 89 B, 115 23 Stockholm, or by e-mail investor.relations@diamyd.com no later than 4 p.m. on October 1, 2009. At notification, please state name, address, telephone number, social security number or organization number, registered shareholding and names of any assistants.

Shareholders with Nominee registered shares need to temporarily be included in the Euroclear Sweden AB share register to be able to participate in the meeting. Registration has to be executed by October 1, 2009.

### **Proposed agenda**

1. Opening of the meeting
2. Election of chairman for the meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Decision as to whether the meeting has been duly convened
7. Approval of the decision by the Board of Directors to issue new shares
8. Closing of the meeting

### **Proposed decision (item 7)**

Company's share capital currently amounts to 11 182 472 SEK split in 11 182 472 shares, whereof 561 671 of series A and 10 620 801 of series B. A shares carry one vote and B shares carry 1/10 vote at the shareholder's meeting. The number of votes amounts to 1 679 918.2 whereof 561 671 from A shares and 1 118 247.2 from B shares.

The Company's Board of Directors has on September 15, conditioned on the approval from the shareholder's meeting, decided to issue new shares with preferential rights for the shareholders. The issue regards up to 3 131 091 shares, whereof up to 157 267 A shares and up to 2 973 824 B shares. Holding of twenty-five (25) shares gives the right to subscribe for seven (7) new shares. The issue price is 70 SEK per share.

Holders of A and B shares have preferential rights to subscribe for new shares in the same class of shares in proportion to the amount of owned shares (primary preferential right). In case all shares are not subscribed for with primary preferential right, the shareholders have subsidiary preferential right to remaining shares irrespective of class of shares. Shares can also be subscribed for without preferential rights.

The record day at Euroclear Sweden AB is October 14, 2009. Subscription of shares shall take place during the period October 16-30, 2009. Trading with subscription rights will take place during the period October 16-27, 2009.

With a fully subscribed issue the Company will raise approximately 219 million SEK before issue and underwriting costs. The issue is fully underwritten by subscription obligations and guarantees.

For more information about the rights issue please see the Company's press release of September 15, 2009.

**Documents for the shareholder's meeting**

The proposal for the issue of new shares is available for shareholders at the Company's facilities at Linnégatan 89B in Stockholm, from September 23, 2009 and copies will be sent on request to shareholders who supply their address. The documents will also be available from the same date on the Company's website [www.diamyd.com](http://www.diamyd.com).

Diamyd Medical AB (publ.)

*The Board of Directors*

THIS DOCUMENT IS A TRANSLATION OF THE SWEDISH ORIGINAL DOCUMENT AND IN CASE OF DIFFERENCES THE ORIGINAL SWEDISH DOCUMENT SHALL PREVAIL.