



Press Release, October 14, 2009

Publication of a prospectus relating to the fully underwritten new rights issue in Diamyd Medical AB

The Board of Directors of Diamyd Medical AB (publ) has prepared a prospectus relating to the new issue of just under 220 MSEK with preferential rights for existing shareholders. The prospectus is available in Swedish on Diamyd Medical's website www.diamyd.com.

Summary of conditions for the new issue:

- The new issue includes a maximum of 3,131,091 shares, whereof up to 157,267 are A shares and up to 2,973,824 are B shares
- The issue price is 70 SEK per share, which means that the company receives up to 219,176,370 SEK before issue and guarantee costs
- Every twenty-five (25) existing shares entitles to subscription of seven (7) new shares
- Seven (7) subscription rights are received for every existing share; twenty-five (25) subscription rights give a right to subscribe for one (1) new share
- A subsidiary preferential right for the shareholders applies to the shares not subscribed with subscription rights.

Time plan for the new issue:

- Record day for participation in the issue: October 14, 2009
- Subscription period: October 16 – 30, 2009
- Trading with preferential rights: October 16 – 27, 2009

During the subscription period, Diamyd Medical will arrange three information meetings open for the shareholders and the general public. Those wishing to attend may register on the company's website at www.diamyd.com from Thursday October 15, 2009. The number of places is limited. Times and venues for the meetings are as follows:

- October 19, 2009, 18.00-21.00, Näringslivets hus (Wallenbergaren room), Storgatan 19, Stockholm
- October 22, 2009, 18.00-21.00, Näringslivets hus (Wallenbergaren room), Storgatan 19, Stockholm
- October 26, 2009, 17.30-21.00, Lilla Bommen Conference Center (Evita room), Lilla Bommen 4A, Göteborg

In the prospectus, Diamyd Medical reports that the company has entered into agreements for underwriting guarantees covering the subscription of shares for a total amount of 210 MSEK. The guarantee consortium consists of institutions and private investors. The prospectus contains a full list of underwriters. The guarantee commission amounts to a total of 14.6 MSEK and is payable in cash. The total issue costs, including the guarantee commission, are estimated at a maximum of 19 MSEK.

In addition, the company reports that the election committee for to the Annual General Meeting on December 11, 2009, consists of Johannes Falk, (Chairman, representing the shareholder and Chairman of the Board of Directors Anders Essen-Möller), Erik Nerpin (representing the shareholder Bertil Lindkvist) and Åke Smids (representing the shareholder Östersjöstiftelsen). The election committee was appointed in accordance with the principles established at the Annual General Meeting of December 11, 2008 and consequently represents the three largest shareholders and the Chair of the Board of Directors as the convener.

Important information

The publication or distribution of this press release may in certain jurisdictions be subject to restriction by law. Persons in the jurisdictions where this press release has been published or distributed should inform themselves of and follow such legal restrictions.

This press release is not intended to constitute an invitation to acquire or subscribe for the securities referred to herein. Consequently, this press release does not constitute and does not form part of the invitation presented in the aforesaid prospectus.

Neither the subscription rights, the paid subscribed shares nor the new shares referred to in the aforesaid prospectus have been registered or will be registered in accordance with the 1933 United States Securities Act ("Securities Act"), in accordance with its most recent wording, and neither will they be registered in accordance with any corresponding law in any individual state of the United States of America ("USA"), Canada, Australia, New Zealand, Hong Kong, South Africa or Japan and may therefore not be transferred or offered for sale or sold in any of those countries or to persons domiciled there or on behalf of such persons other than in exceptional cases where registration is not required. Neither is the offer in the prospectus intended in general for persons whose participation requires any further prospectus, registration or measures other than those required under Swedish law. This prospectus may not be distributed in any country where distribution or the offer requires any measure in accordance with the foregoing sentence or is in breach of rules in any such country.

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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.

Diamyd Medical AB (publ.)

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