



Press Release, December 7, 2011

Bulletin from Annual General Meeting: Diamyd Medical towards new goals

At Diamyd Medical's Annual General Meeting on December 7, Peter Zerhouni, President and CEO, commented that the past year had been eventful and turbulent, but that the Company now stands well-equipped to continue its efforts to develop innovative pharmaceuticals for diseases for which there are currently no effective treatment options.

The event that dominated the latter part of Diamyd Medical's fiscal year was the results of the Company's European Phase III study in type 1 diabetes with the drug candidate Diamyd[®], which did not meet expectations. Since the results were presented in May 2011, the Company's focus has been strict cost control and restructuring of the organization.

Diamyd Medical's main development focus now lies within pain and neuropathy, areas in which the Company has several promising drug candidates under development. These are based on the Company's patented NTDDS technology which enables delivery of therapeutics directly to the nervous system. The most advanced project is the drug candidate NP2 Enkephalin for the treatment of pain, which during the past year has shown positive results in a Phase I study in cancer pain and is currently being evaluated in a Phase II study with patients who suffer from severe and chronic cancer pain. Results from this study are expected during the first half of 2012.

"Despite the turbulence during the past year I am convinced that today, Diamyd Medical is in a very favorable position," says Peter Zerhouni, President and CEO of Diamyd Medical. "We have a project portfolio with several highly interesting drug candidates under development and an ongoing Phase II study in cancer pain. In addition, our financing is secured and we have a lean organization with valuable experience in developing pharmaceutical projects in late clinical phase and landing significant collaboration agreements with major pharmaceutical companies. I look forward to the coming year with great excitement and confidence."

Parallel with the development of a competitive project portfolio in pain and neuropathy, efforts continue in the analysis of all available information from the Phase III program with the antigen based diabetes therapy Diamyd[®]. The Company, as well as many experts within the field, are still convinced that Diamyd[®], or the active substance GAD65, can thwart type 1 diabetes albeit with a different approach to that which has now been tested. One example is prevention, where a Swedish study is ongoing with Diamyd[®] with the aim of preventing type 1 diabetes in children at high risk of developing the disease.

The following items were addressed at the Meeting:

Diamyd Medical's President and CEO Peter Zerhouni gave a retrospective view of the past year and summarized the most significant events that took place during the fiscal year and after year-end.

The Company's income statements and balance sheets were adopted and the Board members and the Chief Executive Officer were discharged from liability for the 2010/2011 fiscal year. The Annual General Meeting approved the Board's proposal that no dividend be paid for the 2010/2011 fiscal year.

Anders Essen-Möller was re-elected as Chairman of the Board and Lars Jonsson, Maria-Teresa Essen-Möller and Joseph Janes were re-elected to the Board. Christer Lindberg, M.Sc in Business Administration, MBA, was elected as a new Board member. Lindberg was born in 1948 and is business consultant with his own company Tyrilin AB. Previously Lindberg served as President of Almi Företagspartner Stockholm AB for 12 years, and also as President of Almi Investeringsfond AB. The former Board members Göran Pettersson, Henrik Bonde and Sam Lindgren declined re-election.

The Annual General Meeting approved the Board's proposed guidelines for remuneration of the CEO and other senior executives. The Meeting also approved the Nomination Committee's proposed remuneration to Board members and the Chairman of the Board.

The Annual General Meeting approved the Nomination Committee's proposal to re-elect the auditing company Öhrlings Pricewaterhouse Coopers until the end of the Annual General Meeting 2012. Principal auditor is the authorized public accountant Eva Blom.

The Annual General Meeting authorized the Board to, for the period until the next Annual General Meeting, repurchase series B shares in Diamyd Medical on Nasdaq OMX Stockholm ("the Exchange"). The maximum number of shares repurchased shall be such that Diamyd Medical shares held in treasury from time to time do not exceed five percent of all shares in Diamyd Medical.

The Annual General Meeting resolved to authorize the Board to implement a stock option plan for employees of the Company, involving issuing a maximum of 600,000 subscription warrants. Each warrant will entitle the holder to subscribe for one new share of Series B of the Company at a price of SEK 20 during the period December 15, 2013 to December 15, 2015. Subscription for and payment of the warrants shall be made no later than January 15, 2012. Warrants are to be issued at the by the Board estimated market value, calculated using the Black & Scholes valuation model for options. Oversubscription is not possible. Assuming full subscription of the issue and full exercise of the warrants to subscribe for new shares, the Company's share capital will increase by SEK 300,000 through the issuance of 600,000 shares of Series B, each share having a par value of SEK 0.50 (without prejudice to the increase that may arise from adjustments under the conditions of the warrants as a result of new share issues, etc.). The new shares will in such case, based on current share capital, represent about 2 percent of the share capital. The purpose of the option plan is to reinforce the employees' interest in the Group's business and make tangible the correlation between employment benefits and the Company's results.

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About Diamyd Medical

Diamyd Medical is a Swedish biotech company focusing on the development of pharmaceuticals for the treatment of pain, neuropathy and diabetes. The portfolio of development projects for the treatment of chronic pain and neuropathy uses the Company's patented NTDDS (Nerve Targeting Drug Delivery System) platform to administer therapeutic agents directly to the nervous system. The development project within the area of diabetes consists of the protein GAD65 for the treatment and prevention of autoimmune diabetes.

Diamyd Medical has offices in Sweden and in the US. Shares are listed on Nasdaq OMX (segment Mid Cap) 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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