



Press Release, November 22, 2012

Proposals for Board of Directors and Redemption of Shares in Diamyd Medical AB

In connection with the work of the Nomination Committee the largest shareholders of Diamyd Medical, Anders Essen-Möller, Bertil Lindkvist and Östersjöstiftelsen, have also discussed the future business and strategy of the Company. This has led to the following proposals.

Proposal to redeem shares for repayment to the shareholders

It is planned to offer the shareholders the opportunity to redeem every third share (irrespective of class of shares) against a cash payment of SEK 12 per share. This way MSEK 118.3 will be repaid to the shareholders. The proposal will be put forward at an Extraordinary General Meeting planned to be held in the second half of January 2013.

At that Extraordinary General Meeting it will also be proposed to resolve the Statutory reserve, currently MSEK 96.6 according to the balance sheet to be presented at the Annual General Meeting, into Non-restricted equity. This, in combination with other measures to restructure the capital of the group, creates preconditions for additional repayment to the shareholders in connection with the 2013 Annual General Meeting.

Proposals for Board of Directors etc.

The following proposals will be put forward at the Annual General Meeting on December 6, 2012:

Election of Board of Directors and Remuneration

Re-election of Anders Essen-Möller and Maria-Teresa Essen-Möller and the election of new Board members Erik Nerpin and Jonas Jendi. Lars Jonsson, Joseph Janes and Christer Lindberg have declined re-election. Anders Essen-Möller is proposed to be re-elected as Chairman of the Board.

Anders Essen-Möller is proposed to receive a total annual compensation of SEK 600,000 (SEK 1,140,000) as working Chairman of the Board. The other Board members are proposed to receive an annual remuneration of SEK 125,000 each. The total compensation to the Board thus amounts to SEK 975,000 and includes remuneration for work on the audit committee, if one is appointed.

Erik Nerpin, born in 1961, is an attorney and partner at Kilpatrick Townsend in Stockholm.

Jonas Jendi, born in 1970, M.Sc. Economics & Business Administration, has spent the last 10 years managing the company Cogmed. Cogmed is based on research from the Karolinska Institute and was acquired by Pearson in 2010.

Election of Auditor and Remuneration

Re-election of Öhrlings PricewaterhouseCoopers AB. Principal auditor is the authorized accountant Eva Blom. It is proposed that the auditors should receive remuneration according to approved account.

Chairman of the Meeting

Attorney Erik Nerpin is proposed to be elected Chairman of the Annual General Meeting.

Principles for the appointment of Nomination Committee for the 2013 Annual General Meeting

The Nomination Committee for the 2013 Annual General Meeting is proposed to be appointed in essentially the same way that was approved at the 2011 Annual General Meeting held on December 7, i.e. as follows. The Nomination Committee shall be composed of representatives of the three largest shareholders in the Company in terms of the number of votes and the Chairman of the Board of Directors (issuing the call). The identity of the members of the Nomination Committee must be made public not later than six months prior to the 2013 Annual General Meeting. If the ownership structure changes substantially before completion of the Nomination Committee's work, the composition of the Nomination Committee may be changed. If a member leaves the Nomination Committee before its work is complete, the other members shall designate a replacement. The Nomination Committee will prepare proposals for the following decisions at the 2013 Annual General Meeting:

(i) election of the Chairman of the Annual General Meeting, (ii) election of Board members and the Chairman of the Board of Directors, (iii) Directors' remuneration, (iv) election of the Company's auditors, (v) remuneration to the Company's auditors, and (vi) rules for the nomination process for the 2014 Annual General Meeting.

For more information, please contact:

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About Diamyd Medical

Diamyd Medical was founded in 1996 and is active in the field of pharmaceutical development. Diamyd Medical is headquartered in Stockholm, Sweden. The Company's development project consists of the protein GAD65 for the treatment and prevention of autoimmune diabetes. A Swedish researcher-initiated Phase II study is ongoing to evaluate whether GAD65 can prevent type 1 diabetes in children who are at high risk of developing the disease.

Diamyd Medical also has holdings in the gene therapy company Periphagen, Holdings Inc. (USA), the vaccine company Protein Sciences Corporation (USA) and the diagnostics company Mercodia AB (Sweden).

Diamyd shares are listed on Nasdaq OMX (segment Small 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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