



Press Release, November 17, 2011

University of Florida Research Foundation and Diamyd Medical settle lawsuit

University of Florida Research Foundation, Incorporated ("UFRF"), and Diamyd Medical AB today jointly announced that they have settled the breach of contract litigation that UFRF filed in the United States Federal District Court in Florida against Diamyd Medical in January 2011.

The dispute related to an exclusive license agreement between UFRF and Diamyd Medical, and to a sublicense of the rights under the exclusive license agreement between Diamyd Medical and Ortho-McNeil-Janssen Pharmaceuticals, Inc., which sublicense involved rights to the GAD65-based drug candidate Diamyd®.

UFRF and Diamyd Medical have amicably settled their dispute for an undisclosed settlement amount. The settlement amount is in line with what Diamyd Medical has reserved in its accounts as per August 31, 2011 regarding litigation claims. UFRF and Diamyd Medical declined further comment on the matter, citing the confidentiality of their settlement.

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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 autoimmune 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 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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