KARO BIO

Press Release

March 27, 2003

ABBOTT LABORATORIES AND KARO BIO IDENTIFY NOVEL NEW COMPOUND FOR DIABETES

Abbott Park, Illinois and Huddinge, Sweden, March 27, 2003 –
Abbott Laboratories and Karo Bio AB today announced that they have identified a novel, first-in-class compound, A-348441, for the treatment of type 2 diabetes. Currently in preclinical study, A-348441 targets the glucocorticoid receptor in the liver, which is considered to be an important target protein for regulating glucose metabolism.

In preclinical animal studies, A-348441 normalizes blood glucose levels and has beneficial effects on elevated lipids in diabetic, dyslipidemic animals. In multiple species, A-348441 significantly reduces hepatic glucose output with secondary improvements in insulin sensitivity. Although glucocorticoid receptors are present in a variety of tissues, A-348441 is pharmacologically selective for glucocorticoid receptors in the liver, thereby minimizing potential systemic side effects associated with this drug target. No increase in body weight, commonly observed with the insulin sensitizers currently on the market, is observed in animals treated with the A-348441 compound.

The preclinical profile of A-348441 has been submitted for presentation at the June 2003 American Diabetes Association meeting in New Orleans. The joint drug discovery period has successfully been concluded, and Abbott and Karo Bio are currently evaluating A-348441 for clinical development. Karo Bio may receive future milestone payments depending on further successful preclinical and clinical development of the A-348441 compound. Karo Bio and Abbott Laboratories also will enter into discussions regarding second-generation compounds.

“Abbott Laboratories and Karo Bio have taken a highly innovative approach to diabetes therapy through our work targeting liver glucocorticoid receptors,” said Terry Opgenorth, Ph.D., divisional vice president, metabolic disease research, Abbott Laboratories. “We are pleased that this successful collaboration, which began a few years ago with early scientific work on novel target identification, has resulted in a new compound in A-348441.”

“The collaboration with Abbott has in three years yielded a promising compound that we are considering for clinical development,” says Björn O. Nilsson, CEO & President, Karo Bio. “Abbott is an ideal partner for Karo Bio in the diabetes area, and we look forward to continuing our work with Abbott to bring the concept of treating diabetes with glucocorticoid antagonists to the market to benefit the vast number of patients seeking novel treatment.”

Since January 2000, Abbott and Karo Bio have collaborated on the discovery and development of novel therapies for the treatment of type 2 diabetes. The aim of the collaboration has been to develop liver-selective glucocorticoid receptor antagonists that will reduce the elevated glucose output found in type 2 diabetics. In April 2001, Abbott and Karo Bio announced that they had identified the three-dimensional structure of the glucocorticoid receptor.

Diabetes is a major health issue in industrialized countries, where one in ten adults will develop type 2 diabetes in their lifetime. Over 150 million people worldwide have type 2 diabetes, and this number is projected to rise to 300 million by 2025. It is estimated that more than one-third of the people with type 2 diabetes are undiagnosed, and only 13 percent of treated patients are able to achieve desired glucose levels. Therefore, an urgent need exists for new, safe and effective treatments for type 2 diabetes.

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Background

Karo Bio *has operations in Sweden and the United States. The Company employs 116 people.*

Karo Bio has been listed on the Stockholm stock exchange (Reuters: KARO.ST) since 1998 and maintains a leading position in the field of drug discovery focused on nuclear receptors. Nuclear receptors are validated drug targets for a number of clinical indications and the Company uses proprietary technologies for the development of novel and improved therapies for major markets. Karo Bio has 395 patent cases including 161 granted patents.

Karo Bio has drug discovery programs in several therapeutic areas including men and women's health care, metabolic disorders such as obesity, cardiovascular disease, diabetes, dermatology and ophthalmology.

Karo Bio collaborates with major pharmaceutical companies for the development of products and marketing. In these partnerships Karo Bio receives upfront payments, R&D funding and milestone payments, as well as royalties on net sales when products reach the market.

Karo Bio has strategic pharmaceutical drug discovery partnerships with Abbott Laboratories, Bristol-Myers Squibb, Merck & Co., Inc. and Wyeth Pharmaceuticals.

Karo Bio's news releases and other information are available on the company's Web site at www.karobio.se.

Abbott Laboratories *is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals, nutritionals, and medical products, including devices and diagnostics. The company employs more than 70,000 people and markets its products in more than 130 countries. In 2002, the company's sales and net earnings were $17.7 billion and $3.2 billion, respectively, with diluted earnings per share of $2.06, excluding one-time charges.*

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