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Press Release

May 8, 2003

KARO BIO EXTENDS THE SUBSCRIPTION PERIOD FOR THE ONGOING NEW SHARE ISSUE

Karo Bio has, as announced previously in a press release today, achieved a significant milestone in a strategic research collaboration. The subscription period for the new share issue that was decided by the Karo Bio Board of Directors on March 6, 2003 and approved by the Annual General Meeting on April 9, 2003 would end today in accordance with the previous decision.

In order to provide Karo Bio's shareholders the opportunity to evaluate and consider the information announced as per above in conjunction with the decision regarding subscription in the new share issue, the Karo Bio Board of Directors has today decided to extend the subscription period until and including Tuesday May 13, 2003.

Huddinge, May 8, 2003

KARO BIO AB

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Facts about Karo Bio

Karo Bio has operations in Sweden and the United States. The Company has 116 employees.

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 368 patent cases including 120 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 collaborations 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 collaborations with Abbott Laboratories, Bristol-Myers Squibb, Merck & Co., Inc. and Wyeth Pharmaceuticals.

This press release is also available online at www.karobio.com and at www.waymaker.net.