

KARO BIO AND WYETH EXTEND RESEARCH COLLABORATION

Wyeth and Karo Bio have agreed to extend the research term of their atherosclerosis collaboration for an additional year until August 31, 2006 with the intention of selecting candidate drugs for development.

Karo Bio entered into a three year research collaboration with Wyeth Pharmaceuticals in September 2001 with the objective of developing new treatments for atherosclerosis. The collaboration, which targets the liver X receptor (LXR), was extended for an additional year by mutual agreement of the parties in 2004.

LXR is a regulator of cholesterol metabolism and it has been demonstrated that compounds that modulate the activity of LXR promote net cholesterol efflux from atherosclerotic blood vessels resulting in the potential for regression of vascular plaque formation. In addition, LXR modulators have anti-inflammatory properties and based on their profile and the need for new drugs, LXR modulators have the potential to become important agents in future treatment of atherosclerosis and other diseases. The collaboration has generated potent lead compounds that inhibit lipid accumulation in the aorta in animal models of atherosclerosis. The project continues to make good progress with lead compounds advancing in preclinical development.

“We are very pleased with the results obtained in the collaboration with Wyeth”, says Per-Olof Wallström, President of Karo Bio. “We are committed to this program which we believe has the potential to enter development stage during the extension period”.

KARO BIO AB

For further information, please contact:

Per Olof Wallström, *President & Chief Executive Officer*
Telephone: +46 8 608 60 20

Per Otteskog, *Senior Vice President Corporate Development*
Telephone: +46 8 608 60 18

Facts about Karo Bio

Karo Bio is an innovative drug discovery and development company specializing in the development of novel pharmaceuticals with focus on metabolic diseases. Karo Bio is listed on the Stockholm stock exchange (Reuters: KARO.ST) since 1998.

The Company has expanded from being a drug discovery company by adding in-house preclinical development resources and competence for development of drugs to treat metabolic diseases. The Company has a strong project portfolio primarily targeting diseases such as diabetes, obesity, atherosclerosis and dyslipidemia.



In addition, Karo Bio has two strategic collaborations with international pharmaceutical companies for development of innovative therapies for the treatment of common diseases.

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