



PRESS RELEASE

FOR IMMEDIATE RELEASE

OCTOBER 30, 2000. KARO BIO AB TODAY ANNOUNCED A TWO-YEAR EXTENSION OF THEIR DRUG DISCOVERY COLLABORATION WITH MERCK & CO., INC. THE

COLLABORATION IS FOCUSED ON ESTROGEN RECEPTORS. The collaboration between the two companies began in October 1997 and was directed toward the development of novel therapies for treatment of diseases targeting the human estrogen receptors, alpha and beta. Karo Bio holds US and European patent rights on the estrogen receptor beta. The discovery of this receptor has opened up new possibilities for development of new and improved pharmaceuticals for a broad range of diseases. The collaboration has been successful in design and synthesis of selective compounds that in pre-clinical studies have led to prioritization of clinical indications for further development.

"The technology developed by Karo Bio and the success to date in creating first-generation compounds make this a promising program," says John W. Kozarich, Ph.D., Vice President of Biochemistry at Merck Research Laboratories. "We look forward to extending our collaboration in order to develop additional lead compounds and to explore the opportunities this class of drug targets may provide."

"We are happy that we have agreed to extend our current collaboration," says Torben Jørgensen, President of Karo Bio. "From Karo Bio's point of view, the research continuation is very important. We are developing promising compounds, and are committed to continuing to explore the estrogen receptor area. There are several opportunities to develop better drugs for the treatment of diseases each with substantial market potential," says Jørgensen.

Karo Bio is a leading company within the field of nuclear receptors and genomics-based drug discovery. The company uses its state-of-the-art technologies for the development of tissue selective and receptor specific drugs for major markets. Karo Bio AB, based in Stockholm, Sweden, is a global drug discovery company with a leading position for drugs acting on nuclear receptors. Karo Bio has strategic alliances in the nuclear receptor area with Merck & Co (MRK.NYS), Bristol-Myers Squibb (BMY.NYS) and Abbott Laboratories (ABT.NYS). In addition, Karo Bio has a strong pipeline of projects owned solely by Karo Bio that will be further reinforced

with the BioKey® technology. Karo Bio has 96 issued patents and more than 250 patent applications. The company has 120 employees in its facilities in Stockholm, Sweden and Durham, NC.

Through the Company's technology access and therapeutic programs, Karo Bio USA is creating a pipeline of novel pharmaceuticals that act on the wealth of targets coming from genomics. On May 10, 2000, Novalon merged with Karo Bio AB to become Karo Bio USA. The company's BioKey® assay technology enables the quick identification of small molecule leads and is the subject of alliances with Bayer AG (BAY.FSE), Novartis Research Foundation, Boehringer Ingelheim Pharmaceuticals, Inc., Millennium Pharmaceuticals Inc. (MLNM.NAS), Ares Serono (AREBE.ZRH), GPC Biotech AG (GPC.FSE), NovImmune S.A., and Aventis Pharma (NYSE:AVE).

Merck & Co., Inc. is a leading research-driven pharmaceutical products and service company. Merck discovers, develops, manufactures and markets a broad range of innovative products to improve human and animal health, directly and through its joint ventures. Merck-Medco Managed Care, Inc. manages pharmacy benefits for employers, insurers and other plan sponsors, encouraging the appropriate use of medicines and providing health management programs. Through these complementary capabilities, Merck works to improve quality of life and contain overall health-care costs.

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