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WYETH CONTINUES RESEARCH PROJECT ORIGINALLY INITIATED IN COLLABORATION WITH KARO BIO

The Swedish biotech company Karo Bio (Reuters: KARO.ST) today announced that beginning September 1, 2009, Wyeth will take on all future research and development activities under the drug discovery collaboration between the parties.

The primary objective of the collaboration is to identify and select development candidates for treatment of inflammatory diseases, focusing on the liver X receptor (LXR) as target receptor. Karo Bio and Wyeth initially entered the collaboration in 2001.

“We are pleased that this exciting LXR program continues within Wyeth. Since Wyeth will perform all future research and development, Karo Bio will not put any more internal resources into the project and will therefore not receive any further research funding from Wyeth. However, the Collaboration, Research and License Agreement between the companies shall remain in effect”, commented Per Olof Wallström, President and CEO of Karo Bio.

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Notes to editors

About LXR

LXR is a nuclear hormone receptor that is an important regulator of cholesterol metabolism in mammals. LXR has many features that make it an attractive drug development target for prevention and treatment of atherosclerosis and dyslipidemia. Modulation of LXR with small molecule compounds has been demonstrated to enhance the efflux of cholesterol from cells in atherosclerotic blood vessels, resulting in a reduction in the progression of atherosclerotic disease in selected experimental models. Modulation of LXR has also been implicated in reducing vascular inflammation which, in addition to cholesterol, is an important mediator of atherosclerosis. It is believed that these features of LXR are of central importance for a new generation of drugs to treat and prevent atherosclerosis successfully.

About Karo Bio

Karo Bio is a drug discovery and development company specializing in targeting nuclear receptors as target proteins for the development of novel pharmaceuticals. The company has a project portfolio with innovative molecules that primarily target dyslipidemia, diabetes, inflammation, and women's health. In these areas, there are significant market opportunities and a clear need for pharmaceuticals with new mechanisms of action. Karo Bio develops compounds aimed at treating broad patient populations up to clinical proof of concept before out-licensing. In therapeutic niche areas, Karo Bio has the capacity to bring selected compounds into late stage clinical development and, potentially, to the market. In addition to the proprietary projects, Karo Bio has three strategic collaborations with international pharmaceutical companies for development of innovative therapies for the treatment of common diseases. Karo Bio is listed on NASDAQ OMX Stockholm since 1998 (Reuters: KARO.ST).

This press release is also available online at: www.karobio.com and www.newsroom.cision.com