

DEVELOPMENT OF CLINICAL CANDIDATE LXR-623 DISCONTINUED

Karo Bio and Wyeth to Continue Research Collaboration

Karo Bio announced today that it has been informed by its research partner, Wyeth Pharmaceuticals, a division of Wyeth, that development of LXR-623 has been discontinued. The compound had been in phase 1 testing for the treatment of atherosclerosis. While LXR-623 demonstrated efficacy on biomarkers for atherosclerosis, it had an unfavorable profile for further development.

Karo Bio and Wyeth remain committed to the research partnership and to advancing a new lead compound under the terms of the collaboration, which was recently extended until August 31, 2008.

The collaboration between Karo Bio and Wyeth targets the Liver X Receptor (LXR), with the aim to develop new treatments for atherosclerosis. LXR regulates transport proteins, including ABCA1 and ABCG1, which promote reverse cholesterol transport (transport of cholesterol from peripheral tissues to the liver). Furthermore, it has been demonstrated that small molecular compounds that activate LXR have anti-atherogenic properties.

"Unfortunately compounds do fail in the process but this is part of the development of pharmaceuticals. We remain optimistic about LXR as a target for treatment of atherosclerosis and for the prospects for new molecules for development. The learnings generated from the LXR-623 program will be valuable as additional potential compounds move forward. We have recently extended our collaboration with Wyeth and we are pleased with Wyeth's commitment to the program", says Per Olof Wallström, President of Karo Bio.

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Facts about Karo Bio

Karo Bio is a drug discovery and development company specializing in nuclear receptors for the development of novel pharmaceuticals with focus on metabolic diseases.

The company has expanded from being a drug discovery company by adding in-house preclinical and clinical development resources and competence for development of drugs to treat metabolic diseases. The company has a strong project portfolio with innovative molecules that primarily targets diseases such as diabetes, atherosclerosis and dyslipidemia. In all of these areas there are significant market opportunities and a growing need for new pharmaceuticals with new mechanisms of action.

In addition to the proprietary projects Karo Bio has two strategic collaborations with international pharmaceutical companies and one biotech collaboration for development of innovative therapies for the treatment of common diseases.

Karo Bio is listed on the OMX Nordic Exchange Stockholm AB since 1998 (Reuters: KARO.ST).

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