



Improving life from the inside out

Radius
300 Technology Square, 5th Floor
Cambridge, MA 02139
(617) 551-4700
(617) 551-4701 Fax
www.radiuspharm.com

FOR IMMEDIATE RELEASE

Radius and Karo Bio Announce Licensing Agreement for Novel SARM Compounds

—New class of drugs for osteoporosis and sarcopenia in preclinical development—

CAMBRIDGE, Mass., September 12, 2006— Radius and Karo Bio announced today that the companies have entered into a licensing agreement in which Radius acquires the exclusive worldwide rights, excluding the Nordic countries, to a new class of selective androgen receptor modulators (SARMs) discovered by Karo Bio. Radius is advancing these SARM compounds in preclinical studies for the treatment of osteoporosis and frailty associated with muscle loss.

As part of the agreement, Karo Bio will be eligible to receive milestones, with total milestones for development of one product totaling up to \$17 million. Karo Bio will receive royalties on future sales and could also receive payments for the development of additional products targeting diseases beyond osteoporosis and sarcopenias.

SARMs are small, orally active molecules that selectively modulate the activity of the androgen receptor in different tissues. In bone and muscle, SARMs can activate the receptors, increasing bone mineral density and muscle mass, synergistically increasing skeletal strength. In prostate and uterus tissues, they can prevent receptor activation and so avoid the negative impact androgen therapy can have on these tissues. In preclinical studies conducted by Radius, the Radius/Karo Bio SARMs demonstrate high anabolic activity in bone and muscle, without significant stimulation of the prostate or uterus. These agents have the potential to be the first orally administered anabolic drugs for osteoporosis and related conditions.

“By building new bone while increasing muscle strength, this new class of SARMs has the potential to have a major impact on osteoporosis and frailty, which significantly impair the quality of life among the elderly,” said C. Richard Lyttle, PhD, President and Chief Executive Officer of Radius. “We are excited to have the opportunity to build on Karo Bio’s discoveries and expertise in the nuclear hormone receptor field and to develop this important new class of drug.”

“Radius has access to some of the world’s leading experts in endocrinology, medicinal chemistry, and drug development in the field of bone metabolism. We are therefore very enthusiastic and hopeful regarding the prospects for identification and development of drug candidates within this partnership,” said Per Olof Wallström, President and Chief Executive Officer of Karo Bio.

Karo Bio has been targeting the androgen receptor for development of androgen antagonists to treat and prevent prostate cancer. The Karo Bio library includes compounds with SARM properties, which are the compounds that have now been licensed to Radius on a worldwide basis. As Radius progresses its program to identification of a clinical candidate, Karo Bio will support the program with certain technologies and know-how. Karo Bio maintains exclusive rights to market and sell the SARM products in Denmark, Finland, Iceland, Norway, Sweden, Estonia, Lithuania, and Latvia. Karo Bio also retains rights to its androgen receptor antagonists for treatment of cancer and Benign Prostatic Hypertrophy.

Osteoporosis is a leading cause of morbidity and mortality in elderly people worldwide. In the U.S. alone, more than 44 million men and women have osteoporosis, or low bone-mineral density. A 50-year-old woman in the U.S. has a 40 percent risk of an osteoporotic fracture. Twenty percent of hip-fracture patients enter long-term care, and half of this group never return to living independently.

Sarcopenia is the age-related decline in skeletal muscle mass that affects the functional capacity of older adults. The loss in muscle contributes to frailty, immobility, and the loss of independence. This deterioration of skeletal strength can also exacerbate other age-related conditions such as osteoarthritis and osteoporosis. An estimated nine million Americans over the age of 65 suffer from sarcopenia, and there are currently no FDA-approved treatment options available. In addition, there are other chronic diseases that involve the loss of muscle strength with a significant impact on quality of life: Cancer cachexia, chronic obstructive pulmonary disease (COPD), and chronic renal disease can all result in frailty and the loss of muscle.

About Radius (WWW.RADIUSPHARM.COM)

Radius is a privately held company that is a leader in the discovery and development of a new generation of drug therapies for osteoporosis and women’s health. The company raised \$24 million in its first institutional financing in November, 2003. Investors include HealthCare Ventures, MPM Capital, and Oxford Bioscience Partners. Radius is located in Cambridge, Massachusetts.

About Karo Bio (WWW.KAROBIO.SE)

Karo Bio is an innovative drug discovery and development company specializing in nuclear receptors for the development of novel pharmaceuticals with focus on metabolic diseases. Karo Bio is listed on the Stockholm stock exchange (Stockholm: 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.

For more information:



Radius

Bart Henderson

Chief Business Officer

(617) 551-4702

bhenderson@radiuspharm.com

© 2005 RADIUS HEALTH INC.



Karo Bio

Per Olof Wallström

President & Chief Executive Officer

+46 8 608 60 20

Per Otteskog

Senior Vice President, Investor Relations & Corporate Development

+46 8 608 60 18

press@karobio.se

###