

April 23, 2010

KARO BIO ANNUAL GENERAL MEETING 2010

At Karo Bio AB's annual general meeting on Friday April 23, 2010, the following was resolved.

Dividend

No dividend is to be paid for the financial year 2009.

Board of Directors

Margaret von Platen, new election
Bo Håkansson, re-election
Johan Kördel, re-election
Jon Risfelt, re-election
Birgit Stattin Norinder, re-election

Bo Håkansson was elected chairman of the board.

Auditors

PricewaterhouseCoopers AB are elected as auditors for the time until the end of the annual general meeting 2011.

Nominating Committee

The annual general meeting resolved that the four largest shareholders as of August 31, 2010 shall be asked to appoint one representative each, where such representative shall not be a member of the board, who together with the chairman of the board shall be members of the nominating committee in respect of the 2011 annual general meeting. The representatives shall be appointed and announced not later than six months prior to the annual general meeting 2011.

Guidelines for remuneration of the executive management

The annual general meeting resolved to adopt the board of director's proposal regarding guidelines for remuneration of the executive management.

Issuance of share warrants and approval of the transfer of the share warrants by a subsidiary

Finally, the annual general meeting unanimously resolved in accordance with the board of directors' proposal to issue share warrants and approve the transfer of the share warrants by a subsidiary. The share warrants may be transferred on market conditions to the president and other members of executive management in accordance with what is set out below.

The resolution means that at most 5,000,000 share warrants may be issued, each entitling to subscription for one share in the company. With deviation from the shareholders' preferential rights the company's wholly-owned subsidiary Karo Bio

Research AB shall be entitled to subscribe for all share warrants free of charge no later than 30 April 2010. The subsidiary shall in accordance with instructions from the board of Karo Bio transfer the share warrants to members of executive management of the company as per the board's decision in accordance with the resolution of the general meeting. The share warrants may be exercised for subscription for shares from and including 1 July 2013 until and including 31 December 2013. The subscription price per share shall be 180 per cent of the average of the, for each trading day from and including 26 April 2010 until and including 7 May 2010, calculated averages of the highest and the lowest paid price according to NASDAQ OMX' official share price list for shares in the company.

The share warrants shall be transferred to members of executive management on market conditions, based on a calculation in accordance with the so-called Black & Scholes valuation model executed by KPMG AB which is to be considered independent in relation to the company. The incoming president will be offered to acquire at most 2,100,000 share warrants. Other members of executive management may be offered to acquire a total of at most 2,900,000 share warrants and none of them shall be offered to acquire more than 1,000,000 share warrants individually.

If all share warrants are subscribed for and exercised, the company's share capital will increase with SEK 2,500,000 divided into 5,000,000 shares, which corresponds to a dilution of approx. 3.1 per cent of shares and votes. The reason for the deviation from the shareholders' preferential rights is that the company wants to be able to offer members of the executive management of the company the possibility to take part in the development of the company's future value. A long term economic interest in the company is assumed to stimulate the executive management's interest in the company's business, increase the motivation and strengthen the involvement in the company. Thus the board finds that it is in the interest of the company and the shareholders that members of the executive management are accordingly offered to purchase share warrants in the company.

The share warrants will be offered to the employees at market price, meaning that the company will not be liable for costs for social security contributions. Consequently, the company will not incur any costs for the issue, except administrative costs.

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Karo Bio may be required to disclose the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was published on April 23, 2010 at 4:00pm CET.

About Karo Bio

Karo Bio is a drug discovery and development company specializing in endocrinology and 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, CNS-disorders, 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 has the capacity to bring selected compounds in therapeutic niche areas into late stage clinical development and, potentially, registration, while the intention is to out-license compounds aimed at treating broad patient populations at the latest when clinical *proof-of-concept* has been obtained in clinical phase II-studies. 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