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KARO BIO ANNOUNCES THAT MERCK DISCONTINUES DEVELOPMENT OF MK-6913 FOR HOT FLASHES

STOCKHOLM, 8 September, 2010 – Karo Bio AB (publ) has been notified that its partner Merck, based in Whitehouse Station, N.J., and known as MSD outside the United States and Canada, has decided to discontinue the development of MK-6913 for the treatment of hot flashes.

The decision was made after an interim analysis of data from the first stage of the phase II study, initiated in December 2009, showed that the pre-defined efficacy criteria for advancement of the compound to the second stage of the study were not met. Merck is evaluating its options for future studies involving MK-6913. Further information will be provided when available.

MK-6913 is a candidate drug arising from the collaboration between Karo Bio and Merck regarding estrogen receptors (ER). The aim of the now discontinued study was to assess the safety, tolerability, and efficacy of MK-6913 for the treatment of moderate-to-very-severe vasomotor symptoms (hot flashes) in postmenopausal women.

For further information please contact:

Fredrik Lindgren, CEO
Mobile: +46 705 616 177

Erika Söderberg Johnson, CFO
Mobile: +46 70 720 48 20

About Karo Bio

Karo Bio is a pharmaceutical company focused on the research and development of innovative drugs for unmet medical needs. Karo Bio's vision is to become a pharmaceutical company with sustainable profitability, commercial products and a competitive project portfolio.

Karo Bio runs a number of development projects within the indication areas cardiovascular and metabolic diseases, neuropsychiatry, inflammation, cancer and women's health. An important foundation for the company's activities is its unique knowledge of nuclear receptors as target proteins for the development of novel pharmaceuticals, as well as related mechanisms of action. Important processes and competencies within the company include structurally based research, drug discovery, preclinical and clinical development, and medical and regulatory expertise.

Karo Bio has the capacity to process select compounds for niche indications through the whole development chain, while compounds addressing large patient groups require development collaborations or outlicensing at some stage in the process. In addition to

proprietary projects, Karo Bio has three strategic collaborations with international pharmaceutical companies.

Karo Bio, headquartered in Huddinge, has 70 employees, and is listed on NASDAQ OMX Stockholm since 1998 (Reuters: KARO.ST).

Karo Bio publishes this information in accordance with the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was published on September 8, 2010 at 08:30am CET.