

NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF KARO BIO AKTIEBOLAG

An extraordinary general meeting of the shareholders of Karo Bio Aktiebolag (publ), corporate registration no 556309-3359, will be held on Tuesday 10 November 2009 at 3:00 p.m. in Hörsalen, Mannheimer Swartling, Norrlandsgatan 21, Stockholm, Sweden.

I. RIGHT TO PARTICIPATE, NOTIFICATION

Shareholders who wish to participate in the general meeting must be recorded in the share register kept by the Swedish Central Securities Depository (Euroclear Sweden AB) on Wednesday 4 November 2009 and, further, must notify the company of their intention to participate in the meeting by no later than Wednesday 4 November 2009 at 4.00 p.m.

Notification should be made in writing to Karo Bio AB, att: Eva Kruse, Novum, SE-141 57 Huddinge, Sweden, by fax + 46 8 774 52 80, or by e-mail to egm@karobio.com. Notification can also be made on the company's web site www.karobio.com/egm. When notifying, the shareholders should state their name, personal/corporate identity number (where applicable), address, telephone number and e-mail address. In the case of representatives participating in the meeting, proof of due authorization should be forwarded to the company in conjunction with the notification. One or two advisors may accompany a shareholder to the meeting, provided that the shareholder gives notice as to the number of such advisors. Per the day of this notice there are 116,119,192 shares and votes in the company.

Shareholders whose shares are registered under the name of a nominee must temporarily register their shares in their own names in order to be entitled to participate in the meeting. Such registration must be in effect at the Swedish Central Securities Depository (Euroclear Sweden AB) no later than Wednesday 4 November 2009, which means that shareholders must notify their nominee well in advance of that date.

II. PROPOSED AGENDA

1. Opening of the meeting
2. Election of chairman at the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of persons to confirm the minutes
6. Determination as to whether the meeting has been duly convened
7. Approval of the board of directors' resolution to issue new shares with pre-emptive right for the shareholders
8. Closing of the meeting.

III. PROPOSED RESOLUTIONS

Item 7: Approval of the board of directors' resolution to issue new shares with pre-emptive right for the shareholders

The board of directors proposes that the general meeting approve the board of directors' resolution of 23 October 2009 to increase the company's share capital by a maximum of SEK 19,353,198.50 through a new issue of a maximum of 38,706,397 shares, or the higher amount or higher number of shares, respectively, as a result of any exercise of warrants under the company's option program 2003/2011: A-D, although not more than a maximum of SEK 19,432,327 and 38,864,654 shares, respectively. For each subscribed share SEK 4.30 shall be paid. The shareholders shall have pre-emptive right to subscribe for the new shares and three (3) existing shares shall entitle to subscription of one (1) new share. The record date for determining which shareholders shall be entitled to subscribe for new shares on a pre-emptive basis shall be 17 November 2009. If not all shares are subscribed for by the exercise of subscription rights, the board of directors shall decide on the allotment of shares up to the maximum amount of the new share issue, and the board shall primarily allot shares to those who have subscribed for shares by the exercise of subscription rights, on a pro rata basis in relation to their subscription by the exercise of subscription rights, and secondarily to those who have declared interest in subscribing for shares without subscription rights, on a pro rata basis in relation to their declared interest. Any remaining shares shall be allotted to those who have underwritten the new share issue in proportion to their underwriting undertakings. The new shares may be subscribed for during the period as from, and including, 18 November 2009 until, and including 2 December 2009, or such later date as the board of directors may decide. Subscription by the exercise of subscription rights shall be made through simultaneous cash payment. Subscription without subscription rights shall be made on a separate subscription list and be paid in cash within three (3) banking days of the dispatch of information on allotment to the subscriber, or such later date which the board of directors may decide. The new shares shall entitle to dividends as from the first record date for dividends following registration of the new share issue with the Companies Registration Office.

IV. DOCUMENTS

The board of directors' resolution under item 7 above in its entirety as well as documents in accordance with Chapter 13 Section 6 of the Swedish Companies Act will be available at the company's offices in Huddinge and on the company's web site www.karobio.com/egm as from Tuesday 27 October 2009. Copies of all documents will be sent to shareholders that so request and state their address or e-mail address. Copies of all documents will be available at the general meeting.

Huddinge in October 2009

Karo Bio Aktiebolag (publ)

The Board of Directors

For more information please contact:

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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 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