

November 25, 2010

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN AUSTRALIA, CANADA, JAPAN OR THE UNITED STATES. THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF KARO BIO AB (PUBL) (THE "SECURITIES") IN AUSTRALIA, CANADA, JAPAN OR THE UNITED STATES OR IN ANY OTHER JURISDICTION. SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. THE ISSUER OF THE SECURITIES HAS NOT REGISTERED, AND DOES NOT INTEND TO REGISTER, ANY PORTION OF THE OFFERING IN THE UNITED STATES, AND DOES NOT INTEND TO CONDUCT A PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

KARO BIO ANNOUNCES PROSPECTUS FOR THE RIGHTS ISSUE

Stockholm, November 25, 2010. Karo Bio AB (publ) (Reuters: KARO.ST) hereby announces the publication of the prospectus for the rights issue. The prospectus has today been approved and registered by the Swedish Financial Supervisory Authority.

On October 25, 2010, the Board of Directors of Karo Bio AB (publ) ("Karo Bio") or the "Company") resolved to, subject to approval by the Extraordinary General Meeting, carry out a rights issue. On the Extraordinary General Meeting on November 24, 2010, it was resolved to approve the resolution by the Board of Directors. The total proceeds from the rights issues will amount to approximately SEK 325 million before transaction costs. The Board of Directors of Karo Bio has prepared a prospectus regarding the rights issue, the Swedish language version of which has been approved and registered by the Swedish Financial Supervisory Authority today, November 25, 2010.

All shareholders with share holdings directly registered in Euroclear Sweden AB ("Euroclear") on the record date November 29, 2010 will receive a prospectus, a pre-printed issue account statement and an application form by post to the address registered in Euroclear. Shareholders whose holdings of shares are registered with a nominee bank or other nominee will receive information and instructions directly from their bank or nominee. The prospectus will be available on Karo Bio's website www.karobio.se and on Carnegie's website www.carnegie.se. The printed prospectus will also be available at Karo Bio's offices at Hälsovägen 7, in Huddinge, Sweden after December 2, 2010.

For more information please contact:

Fredrik Lindgren, CEO
Mobile: +46 705 616 177

Erika Söderberg Johnson, CFO and VP Investor Relations
Mobile: +46 70 720 4820

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 November 25, 2010, at 5:00 pm CET.

This press release is also available online at: www.karobio.com and www.newsroom.cision.com