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Press Release

May 16, 2003

## **KARO BIO'S RIGHTS ISSUE FULLY SUBSCRIBED**

**Karo Bio AB (publ) has performed a new share issue with preferential right for existing shareholders, which has generated approximately SEK 120 million to the Company after transaction costs.**

Karo Bio's rights issue has now been completed. The subscription period was extended to allow the Company's shareholders to consider the recently disclosed information about a significant milestone achieved in a strategic research collaboration.

The issue generated approximately SEK 120 million after transaction costs to the Company, and 98.5 percent were subscribed with preferential right by shareholders. Remaining shares will be allocated by the Karo Bio Board of Directors.

"We are very pleased that the shareholders are supporting our rights issue. The SEK 120 million from the rights issue allows us to continue to run our top-priority projects", says Björn Nilsson, President & CEO of Karo Bio.

The new shares are expected to become available for trading on the O-list of the Stockholm Stock Exchange in early June 2003.

The total number of shares amounts to 16 876 478 shares after the new share issue, representing a share capital amounting to kSEK 84 382.

Carnegie is financial advisor to Karo Bio in this transaction.

Huddinge, May 16, 2003

KARO BIO AB

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***Facts about Karo Bio***

*Karo Bio has operations in Sweden and the United States. The Company has 124 employees.*

*Karo Bio has been listed on the Stockholm stock exchange (Reuters: KARO.ST) since 1998 and maintains a leading position in the field of drug discovery focused on nuclear receptors. Nuclear receptors are validated drug targets for a number of*

*clinical indications and the Company uses proprietary technologies for the development of novel and improved therapies for major markets. Karo Bio has 368 patent cases including 120 granted patents.*

*Karo Bio has drug discovery programs in several therapeutic areas including men and women's health care, metabolic disorders such as obesity, cardiovascular disease, diabetes, dermatology and ophthalmology.*

*Karo Bio collaborates with major pharmaceutical companies for the development of products and marketing. In these collaborations Karo Bio receives upfront payments, R&D funding and milestone payments, as well as royalties on net sales when products reach the market.*

*Karo Bio has strategic pharmaceutical drug discovery collaborations with Abbott Laboratories, Bristol-Myers Squibb, Merck & Co., Inc. and Wyeth Pharmaceuticals.*

*This press release is also available online at [www.karobio.com](http://www.karobio.com) and at [www.waymaker.net](http://www.waymaker.net).*