

Notice of Annual General Meeting of the Shareholders of Karo Bio Aktiebolag

The annual general meeting of the shareholders of **Karo Bio Aktiebolag (publ)** will be held on Friday April 24, 2009 at 2.00 p.m. at Mannheimer Swartling, Norrlandsgatan 21, Stockholm, Sweden.

I. RIGHT TO PARTICIPATE, NOTIFICATION

Shareholders who wish to participate in the annual general meeting must be recorded in the share register kept by Euroclear Sweden AB (formerly VPC AB) on Saturday April 18, 2009 and, further, must notify the company of their intention to participate in the meeting no later than Monday April 20, 2009, preferably before 4.00 p.m. As the record day (April 18, 2009) falls on a Saturday, shareholders must be registered as entitled to vote at Euroclear Sweden AB on Friday April 17, 2009, to be entitled to participate in the general meeting.

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 stamma@karobio.com. Notification can also be made on the company's web site www.karobio.com/agm. When notifying, the shareholders should state 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.

Shareholders whose shares are registered under the name of a nominee must temporarily register their shares in their own names to be entitled to participate in the meeting. Such registration must be in effect at Euroclear Sweden AB on Saturday April 18, 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. The determination as to whether the meeting has been duly convened;

7. Presentation of the annual report and the audit report as well as the group consolidated financial statement and the audit report thereon;
8. Resolution to adopt the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet;
9. Resolution as to the treatment of the loss in accordance with the adopted balance sheet involving a reduction of the statutory reserve to cover the loss;
10. Resolution as to the board of directors' and the president's discharge from liability;
11. Resolution as to the number of board directors and deputy board directors;
12. Resolution on the remuneration to the board of directors and auditor;
13. Election of board of directors and the chairman of the board;
14. Resolution on a nominating committee;
15. Resolution as to principles for remuneration of executive management;
16. Resolution on the board of directors' proposal for changes in the articles of association
 - A. Changes in the articles in association;
 - B. Conditional change in the articles of association;
17. Closing of the meeting.

III. PROPOSED RESOLUTIONS

Item 2: Election of chairman at the meeting

The nominating committee, consisting of Ulrica Slåne, chairman and appointed by Tredje AP Fonden; Ragnhild Wiborg, Consepio; Bengt Belfrage, Nordea; Bo Håkansson, Farstorps Gård; as well as Dr. Leon E. Rosenberg, chairman of the Karo Bio board of directors, proposes Sven Unger as chairman at the meeting.

Item 9: The board of directors' proposal as to the treatment of the company's loss in accordance with the adopted balance sheet involving a reduction of the statutory reserve to cover the loss

The board of directors proposes that no dividend be paid for the financial year 2008 and that the parent company's aggregate deficit, amounting to SEK 10,522,926 following the requisitioning of the share premium reserve, be covered by SEK 10,522,926 from the statutory reserve. The statutory reserve will amount to SEK 161,686,280 after the reduction.

Item 11: Resolution as to the number of board directors and deputy board directors

The nominating committee proposes that the board of directors consist of five board members with no deputy members.

Item 12: Resolution on remuneration of the board of directors and the auditor

The nominating committee proposes that the remuneration to the board of directors be unchanged and paid with SEK 495,000 to the chairman and SEK 180,000 each to the other directors elected by the annual general meeting. It is also proposed SEK 120,000 in remuneration for committee work to be distributed within the audit committee with SEK 30,000 to its chairman and SEK 20,000 to the other two members and within the compensation committee with SEK 20,000 to its chairman and SEK 15,000 to the other two members. Remuneration of the auditor is proposed to be as per approved invoice.

Item 13: Election of board of directors and chairman

The nominating committee proposes that Leon E. Rosenberg and Birgit Stattin Norinder be re-elected as directors and that Bo Håkansson, Johan Kördel and Jon Risfelt be elected as new directors. Leon E. Rosenberg is proposed to be chairman (re-election). Information on the proposed directors is available on the company's web site www.karobio.com.

Item 14: Resolution on a nominating committee

The nominating committee proposes that the four largest shareholders as of August 31, 2009, not being represented in the board of directors, shall appoint one representative each, who together with the chairman of the board shall be members of the nominating committee in respect of the 2010 annual general meeting. The representatives shall be appointed and announced no later than six months prior to the annual general meeting 2010. The nominating committee shall appoint a chairman among themselves, whereby the chairman of the board of directors shall not be chairman. Should a shareholder decline to participate in the nominating committee or leave the nominating committee before its work is completed, the right to appoint a representative shall turn to the closest largest shareholder not represented in the nominating committee. Should the ownership structure significantly change subsequent to the establishment of the nominating committee, the composition of the nominating committee shall be changed in accordance with the above principles.

The nominating committee shall prepare proposals to be presented at the annual general meeting 2010 for resolution as regards chairman at the general meeting, chairman and other members of the board of directors, remuneration of the board of directors and auditors, and principles for appointment of nominating committee. The term of office of the nominating committee runs until a new nominating committee has been appointed in accordance with the resolution on appointment of the nominating committee by the annual general meeting 2010.

If the nominating committee finds it necessary, it may utilize reasonable resources, such as external consultants, on the account of the company.

Item 15: Resolution as to principles for remuneration of executive management

The board of directors' proposal on guidelines for remuneration of executive management includes the following items. Executive management consists of the president of Karo Bio AB and executives that report directly to the president as well as

presidents of Karo Bio's subsidiaries. Remuneration and other employment terms for executive management shall be competitive. In addition to fixed salary, executive management shall receive variable remuneration, which shall be linked to the fixed salary and shall not exceed 60 per cent of the fixed annual salary for the president and 50 per cent of the fixed annual salary for the other executives and be based on the achievement of determined business goals. In addition to the above, a bonus may be offered for the purpose of retaining individuals with the company in the event of a substantial change, or proposed change, in the ownership structure of the company, corresponding to a maximum of 50 per cent of the fixed annual salary for the president and other executives. Dismissal and severance pay shall not exceed 24 months salary in total for each executive. Pension benefits shall be based on defined benefit pension schemes or accede to the Swedish ITP-plan. The board may derogate from the guidelines where there are special reasons for doing so.

Item 16: Resolution on the board of directors' proposal for changes in the articles of association

A. Changes in the articles of association

The board of directors proposes that the articles of association be changed as follows.

- It shall not be possible to appoint deputy members to the board of directors and § 5 concerning board of directors shall therefore have the following new wording:

"The board of directors shall consist of not less than five (5) and not more than nine (9) members."
- § 7 second paragraph concerning the time limits for notice of general meetings shall be deleted, as these time limits already follow from the law.

B. Conditional change in the articles of association

The board of directors proposes that § 7 first paragraph of the articles of association concerning notice of general meetings have the following new wording:

"Notice of a general meeting shall be issued by announcement in Post- och Inrikes Tidningar and on the company's website. It shall be advertised in Svenska Dagbladet that notice has been issued."

The board of directors further proposes that the resolution by the general meeting regarding the change of § 7 first paragraph of the articles of association pursuant to item B. above be conditional on the entering into force of a change in the means of convening a general meeting in the Swedish Companies Act (2005:551), which results in the proposed wording of § 7 first paragraph above being consistent with the Swedish Companies Act.

The board of directors proposes that the general meeting authorize the president, the board of directors or a person appointed by the board of directors to make any minor

amendments to the resolution by the general meeting that may prove necessary in connection with the registration of the resolutions with the Companies Registration Office.

Resolutions by the general meeting pursuant to item A. and B., respectively, above must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the annual general meeting in order to be valid.

IV. DOCUMENTS

The annual report and the audit report, the auditor's statement as to whether the principles for remuneration of executive management have been followed, as well as the board of directors' complete proposals will be available at the company's offices in Huddinge and on the company's web site www.karobio.com/agm no later than Thursday April 9, 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.

Proxy forms in accordance with Chapter 7 Section 54a of the Swedish Companies Act (2005:551) will be available at the company's website and may be ordered from the company.

The total number of shares and votes in the company amounts to 116,119,192.

Huddinge, March 2009

Karo Bio Aktiebolag (publ)

The Board of Directors

For further information, please contact:

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About Karo Bio

Karo Bio is a drug discovery and development company specializing in targeting nuclear receptors for the development of novel pharmaceuticals.

The company has a project portfolio with innovative molecules that primarily target cardiovascular, metabolic and inflammatory diseases as well as women's health. In these areas, there are significant market opportunities and a need for pharmaceuticals with new mechanisms of action. Karo Bio develops compounds aimed at treatment of broad patient populations up to clinical proof of concept before out-licensing. In therapeutic niche areas, Karo Bio has 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