KARO BIO

Press release

August 6, 2009

KARO BIO's ER-beta PROGRAM AMONG TOP 10 MOST INTERESTING NEUROSCIENCE PROJECTS FOR PARTNERING

Project selected for oral presentation at Windhover's Therapeutic Area Partnerships meeting in Boston, USA

The Swedish biotech company Karo Bio (Reuters: KARO.ST) today announced that its novel CNS program around ER-beta agonists has been chosen as one of the top 10 most interesting Neuroscience projects available for partnering. The selection was made by the healthcare business analyst Windhover Information Inc, and the independent expert Harry Tracy, Ph.D. and President of NeuroInvestment Research.

The ER-beta project, currently in preclinical studies, has as a result been selected for oral presentation at Windhover's Therapeutic Area Partnerships meeting on November 17-19, 2009 in Boston, USA.

"Selected companies were evaluated using a strict set of judging criteria and represent what our committee considered the most attractive neuroscience opportunities the industry has to offer," said Roger Longman, Managing Director of Windhover Information. "Winners have met rigorous criteria including unmet medical need, market potential, diversity of indications, strong science, multi-level partnering opportunities, potential for new opportunities beyond initial indications and corporate stability."

"We are very honored that our novel ER-beta program has been recognized in this way. It emphasizes Karo Bio's position as an international leader in the ER-beta research field. We believe this is an exciting new platform that opens up possibilities for treating a number of different diseases, including depression and cancer", commented Per Olof Wallström, President and CEO of Karo Bio.

In 2008, Karo Bio's innovative dyslipidemia compound eprotirome, currently in clinical Phase II trials, received a similar recognition by Windhover.

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Notes to editors

About ER-beta

The estrogen receptor (ER) is activated by the female sex hormone estrogen and regulates a number of functions in the body. Estrogen has a number of positive effects, but the use of estrogen as a medical treatment has been limited by the associated increased risk for uterine and breast cancer as well as an increased cardiovascular risk. These increased risks are mainly mediated by the ER-alpha subtype. The ER-beta *subtype, on the other hand, seems to be responsible for the positive effects on mood and cognition without the above mentioned side effects. Rather, based on data from preclinical studies, ER-beta selective agonists are anticipated to exhibit anti-tumor effects.*

ER-beta provides new drug discovery opportunities in the CNS and cancer fields and for treatment of inflammatory disorders and postmenopausal symptoms. Karo Bio is recognized as an international leader in the ER-beta field. In 2008, significant progress was made regarding design and synthesis of highly selective compounds with good bioavailability.

The ER-beta program provides multiple business opportunities. It is Karo Bio's objective to select a candidate drug and thereafter take it through preclinical development. We have the intention to sign a partnering agreement around ER-beta for the treatment of CNS diseases before the initiation of clinical studies.

About Karo Bio

Karo Bio is a drug discovery and development company specializing in targeting nuclear receptors as target proteins for the development of novel pharmaceuticals. Karo Bio is listed on NASDAQ OMX Stockholm since 1998 (Reuters: KARO.ST).

The company has a project portfolio with innovative molecules that primarily target dyslipidemia, diabetes, 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.

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