



PRESS RELEASE

PAION AG ENTERS INTO AN EQUITY FACILITY AGREEMENT FOR EUR 15 MILLION

- Equity facility for EUR 15 million gives PAION the right to issue new shares out of the existing authorised capital during a 3 year period
- Facility strengthens PAION's financial situation and extends the cash reach

Aachen (Germany), 10 May 2010 – The biopharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange, Prime Standard: PA8) has entered into an equity facility agreement for EUR 15 million with Commerce Court Small Cap Value Fund Ltd. (CCSCVF) managed by Acqua Capital Management Inc., Toronto, Canada. This share facility has a term of 36 months and gives PAION the right to issue new shares out of the existing authorised capital in multiple tranches to CCSCVF against a cash contribution. PAION intends to use this facility in the first instance to strengthen its cash position and extend its cash reach.

CCSCVF has committed to buy these shares at a price calculated based on a daily volume weighted average share price over a five day period (Pricing Period) less a discount of 5%. CCSCVF guarantees a minimum investment amount per tranche within a range from EUR 150,000 to EUR 1,300,000 dependent on the share price (within a range from EUR 1.00 to and exceeding EUR 8.00). Both parties can agree on higher amounts per tranche. Furthermore, PAION has the right to determine for every tranche a floor price below which PAION is not obliged to issue shares. After the end of the Pricing Period, PAION will announce on its website the number of subscribed shares as well as the achieved placement price.

CCSCVF has agreed that during the term of and for a period of 90 days after the termination of the Agreement, neither CCSCVF nor any of its affiliates will, directly or indirectly, sell, or enter into a short position with respect to any of PAION's shares except the shares that it owns or has the right to purchase pursuant to the provisions of a draw down notice.

Currently PAION is able to use up to 2,460,291 shares out of its authorized capital for this financing. This facility in the first instance will strengthen PAION's cash position and extend its cash reach. PAION intends to use the cash inflows from this agreement to fund research and development activities, the acquisition (direct or licence) of new development candidates as well as to cover administration expenses.

"The equity facility enables PAION to strengthen its financial situation resulting in a significant extension of the cash reach. Based on today's market conditions, a partial use already will ensure that PAION is funded until mid 2012 not including expected milestone payments", commented Bernhard Hofer, PAION's CFO. "The flexibility of the facility is an essential advantage giving us the right to request funds on demand to reach our strategic goals."

Isser Elishis, CIO of Acqua Capital, noted: “Our investment approach places emphasis on capitalising on upcoming catalysts to optimise our portfolio of investments. We are excited to be involved with a high-growth company, such as PAION AG, with exciting short to long term prospects.”

Excellion Advisors LLP (“Excellion Capital”), London, is acting as placement agent for Acqua Capital in connection with the entry into the equity facility.

Conference Call

PAION will host a public conference call (conducted in English) on Tuesday, 11 May 2010 at 2 p.m. CET (1 p.m. GMT, 8 a.m. ET) to present the financial results of the first quarter of 2010. The company will also provide further detail on the equity facility.

To access the call, participants from Germany may dial +49-69-201744210, from the UK +44-20-71539154 and from the US +1-877-4230830 (other countries: please choose from D/UK/US numbers). The participant PIN code is 408998, followed by the hash key (#). To allow for smooth processing we suggest that you dial in ten minutes before the beginning of the call.

The conference call will be supplemented by a webcast presentation which can be accessed during the call under the following link: <https://www.anywhereconference.com>. In the field "Web Login" please enter 107325670 and in the field "PIN Code" 408998. After entering your name in the specified field please click on "Go".

The dial-in details for the conference call and the webcast link will also be available on our website <http://www.paion.com>.

The conference call will be recorded. Details on how to access the replay will be posted on the same web page after the call.

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About PAION

PAION is a biopharmaceutical company headquartered in Aachen, Germany and with a second site in Cambridge, UK.

The company is focusing on the clinical development of drug candidates for diseases or interventions for which there is a substantial unmet medical need. PAION has a “Search & Develop” business model, which is based on its core expertise in drug development. Where appropriate, particularly during the late stages of the clinical development, PAION seeks to collaborate with experienced partners.

About CCSCVF /Acqua

Since inception in January 2000, Acqua Capital Management has become a leading direct investor in high-growth small- and mid-cap companies in Global Markets. Commerce Court Small Cap Value Fund Ltd. (CCSCVF) is a mandate within the Acqua Capital Management portfolio of funds focused on targeting investment opportunities among small-cap private and publicly traded companies in global markets.

About Excellion Capital

Excellion Capital is a corporate finance advisory firm specialising in mergers & acquisitions as well as in equity and debt capital raisings for corporates.

Excellion Capital serves a diverse set of clients with a focus on German-speaking Europe, the UK and selectively, Emerging Europe.

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Disclaimer:

This release contains certain forward-looking statements concerning the future business of PAION AG. These forward-looking statements contained herein are based on the current expectations, estimates and projections of PAION AG's management as of the date of this release. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors. Should actual conditions differ from the Company's assumptions, actual results and actions may differ materially from any future results and developments expressed or implied by such forward-looking statements. Considering the risks, uncertainties and other factors involved, recipients should not rely unreasonably upon these forward-looking statements. PAION AG has no obligation to periodically update any such forward-looking statements to reflect future events or developments.