



PRESS RELEASE

PAION AG TO ISSUE 1 MILLION SHARES AT EUR 9.44 PER SHARE IN CAPITAL INCREASE

Aachen, 05 April 2006 – The Management Board of the German biopharmaceutical company PAION AG (Frankfurt Stock Exchange, Prime Standard: PA8), with approval of the Supervisory Board, has decided to increase the share capital of the company from EUR 15,755,552 by EUR 1,000,000 to EUR 16,755,552. The 1,000,000 new shares are being issued from the Authorised Capital against a contribution in cash.

The new shares will be issued within a private placement excluding subscription rights for existing shareholders. The issuing price of EUR 9.44 was calculated as the average of the last five XETRA closing prices of the PAION shares at the Frankfurt Stock Exchange.

Within the course of the capital increase, PAION will therefore be able to raise up to approximately EUR 9.4 million. Certain US and European institutional investors have irrevocably committed to subscribe to the new shares.

The capital increase will expand PAION's financial flexibility and increase its liquid funds to approximately EUR 61 million.

"We are very satisfied that PAION's first raising of capital after the IPO gained so much interest among sophisticated investors", commented PAION's CEO Dr. Wolfgang Soehngen. "The proceeds from this transaction will enable us, among other projects, to accelerate the recently announced development programme for novel plasminogen activators and will enhance our overall strategic flexibility."

In this transaction, Sal. Oppenheim, of Cologne (Germany), and Trout Capital LLC, of New York (USA) act as execution and placement agents, respectively.

Neither this press release nor the information contained herein constitutes an offer to sell or the solicitation of an offer to purchase any securities. The distribution of this announcement and the offer and sale of securities of Paion AG in certain jurisdictions may be restricted by law. Any person reading this announcement should inform themselves of and observe any such restrictions.

The information contained herein is not for publication or distribution to persons in the United States of America. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold without registration thereunder or pursuant to an available exemption therefrom. Any public offering of securities of Paion AG to be made in the United States would have to be made by means of a prospectus contained in a registration statement filed with the U.S. Securities and Exchange Commission that would contain detailed information about the issuer of the securities and its management, as well as its financial statements. It is not intended to file such a registration statement or to conduct a public offering in the United States.

This communication is directed only at persons (I) who are outside the United Kingdom or (II) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial

Promotion) Order 2005 (as amended) (the "Order") or (III) who fall within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order (all such persons together being referred to as "Relevant Persons"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

About PAION

PAION is a listed biopharmaceutical company based in Aachen, Germany (Frankfurt Stock Exchange, Prime Standard, ISIN DE000A0B65S3). It aims to become a leader in developing and marketing innovative drugs for the treatment of stroke and other thrombotic diseases for which there is a substantial unmet medical need. PAION intends to build an integrated portfolio of drugs by exploiting its core expertise in identifying compounds, licensing or otherwise acquiring these compounds and advancing them through the clinical development and regulatory approval process. Where appropriate, PAION seeks to collaborate with experienced partners, particularly in the late stages of clinical development, the approval process and marketing. PAION's most advanced drug candidate, Desmoteplase, a novel plasminogen activator for the treatment of acute ischaemic stroke is partnered with Forest Laboratories, Inc. and H. Lundbeck A/S and currently being tested in an international multi-centred Phase III study. At year-end 2005 PAION employed on average 72 people.

Contact

Dr. Peer Nils Schröder, Investor Relations / Public Relations

PAION AG

Martinstraße 10-12

52062 Aachen – Germany

Tel. +49 (0)241 4453 152

Email pn.schroeder@paion.de

www.paion.de