



AD-HOC ANNOUNCEMENT ACCORDING TO §15 WPHG

ACQUISITION

PAION AG INTENDS TO ACQUIRE CENES PHARMACEUTICALS PLC IN IMPLEMENTATION OF REALIGNED STRATEGY

Aachen (Germany), 10 April 2008 - PAION AG (Frankfurt Stock Exchange, Prime Standard: PA8) intends to acquire Cambridge (UK) based CeNeS Pharmaceuticals plc (London AIM, CEN.L), a London listed biopharmaceutical company focused on the development of drugs for central nervous system (CNS) related interventions. Furthermore PAION is going to discontinue the development of Enecadin and has decided to reduce its headcount by approximately 20 employees.

The Management Board of PAION has reached agreement with the Board of Directors of CeNeS on the terms of the proposed acquisition, which will be implemented by way of a court sanctioned scheme of arrangement under the United Kingdom Companies Act 2006. The acquisition is intended to create a new international biopharmaceutical company whose vision is to develop, partner and, potentially, commercialise innovative drugs for the treatment of thrombotic diseases and CNS-related interventions in the hospital setting.

Under the terms of the acquisition, CeNeS shareholders will receive 0.3521 new PAION shares for each CeNeS share held. Based on the XETRA closing price of a PAION share on 9 April 2008 of EUR 1.74 and an exchange rate of EUR 1.2536=GBP 1, the terms of the Acquisition value each CeNeS share at 48.9 pence and the ordinary share capital of CeNeS on a fully diluted basis at approximately GBP 10.9 million. The terms of the acquisition represent a premium of 32 per cent. to the closing price of 37 pence per CeNeS share on 9 April 2008, and 53 per cent. to the closing price of 32 pence per CeNeS share on 4 February 2008, being the last business day before CeNeS announced that it was in discussions which may or may not lead to an offer.

The scheme is expected to result in the issue to CeNeS shareholders of approximately 7.85 million new PAION shares, representing approximately 32 per cent. of the issued share capital of PAION as enlarged by the acquisition. The Management Board of PAION AG has, with the approval of the Supervisory Board, resolved to increase the capital of the company against contributions in kind and excluding subscription rights on the basis of the authorization granted by the Annual General Meeting on 10 May 2006. The capital increase will only be implemented after the scheme of arrangement has become effective and PAION has (by way of a contribution in kind) become the owner of the whole of the issued share capital of CeNeS.

The scheme of arrangement requires, among other conditions, the approval by CeNeS' shareholders and the sanction of the court. PAION expects the acquisition to be completed by the end of June 2008.

All PAION shares, including the new shares, will be listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard segment) and are intended to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (AIM).

PAION and CeNeS have agreed that, on completion of the acquisition, Gavin Kilpatrick (currently Chief Scientific Officer of CeNeS) will be appointed to the Management Board of PAION. It is also intended that, following completion of the acquisition, Alan Goodman (currently chairman of CeNeS) will become a member of the Supervisory Board of PAION.

With Lundbeck having assumed sole responsibility for the future development of Desmoteplase, PAION's contribution to the program has been significantly reduced.

Furthermore PAION is going to discontinue the development of Enecadin, a neuroprotectant which was originally intended for use in connection with Desmoteplase. PAION took this decision in light of scientific data that has called into question the viability of this substance class.

In light of these developments and the proposed transaction PAION has decided to reduce its headcount by approximately 20 employees. The total reduction in headcount for the enlarged group is expected to be approximately 24 employees over the course of 2008.

This decision reflects, among other things, management's expectation that the acquisition will allow the enlarged group to benefit from CeNeS' technical expertise as well as the fact that the drug pipeline of the enlarged group will require a significantly less complex organisational structure than the one the constituent companies had historically. Based on the new structure and the broadened pipeline management believes the enlarged group to be able to achieve significant pre-clinical, clinical and commercial milestones and to have sufficient funding until 2010.

The enlarged group will have two Phase III (Desmoteplase for acute ischemic stroke and M6G for post-operative pain), one Phase II (CNS 5161 for neuropathic/cancer pain) and one Phase I project (Solulin for stroke, cardiovascular disorders) with another compound (CNS 7056, a short acting sedative) scheduled to enter Phase I in the near future.

In addition, PAION is currently considering a product acquisition within its defined therapeutic areas, which may or may not be completed in the near future. If this acquisition is completed, PAION's initial financial commitment is expected to be small and not to have a material impact on its cash position.

As of 31 December 2007, the enlarged group had cash and cash equivalents of EUR 49 million on a pro forma basis. The upfront payment of EUR 8 million PAION received under the new Lundbeck agreement in February 2008 further strengthened its cash balance.

For further information please refer to the announcement released this morning by CeNeS and PAION in accordance with the Takover Code of the United Kingdom and in a press release available on our website at www.paion.de.

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