



PRESS RELEASE

ACQUISITION

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

Combination creates focused biopharmaceutical company with late stage pipeline and strong cash position

- Creating a new international biopharmaceutical company focused on cardiovascular (CV) diseases and central nervous system (CNS) related interventions in the hospital setting
- PAION believes that the enlarged group's strong cash position enables the achievement of significant milestones with sufficient financing until 2010
- Proposed transaction values CeNeS at approx. EUR 13.7 million
- Transaction unanimously recommended by CeNeS Directors
- CeNeS shareholders will receive 0.3521 new PAION shares for each CeNeS share held
- Premium of 32 percent in relation to the closing price of the CeNeS shares on 9 April 2008
- Listing in Frankfurt (Regulated Market, Prime Standard) and proposed additional listing in London (AIM)
- Enlarged group will benefit from a greater visibility in the market, a stronger position vis-à-vis potential collaborative partners and a larger investor base
- Management believes that the acquisition is a significant step towards a strategic realignment of the group and the establishment of an enlarged pipeline in the field of CV and CNS product development
- PAION has decided to discontinue neuroprotectant Enecadin
- PAION will reduce headcount by approximately 20 employees reflecting the new structure

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 CNS related interventions. The Management Board of PAION is pleased to announce that it has reached agreement with the Board of Directors of CeNeS on the terms of the proposed acquisition, which will be implemented by a court sanctioned scheme of arrangement under the United Kingdom Companies Act of 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.

Structure of the transaction

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, 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.

Realignment of corporate strategy

Following the new Lundbeck agreement, which has allowed PAION to secure the future clinical development of Desmoteplase, PAION has turned to reviewing its company strategy and the strategic focus of its drug pipeline. In doing so, its goal has been to diversify the risks associated with the development of new innovative therapeutics, not just by entering into collaborative agreements with third parties but also by adding new drug candidates to its portfolio, including compounds for thrombotic diseases and CNS-related interventions other than stroke. This corporate goal would be achieved by a successful acquisition of CeNeS.

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

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 €8 million PAION received under the new Lundbeck agreement in February 2008 further strengthened its cash balance.

Development portfolio of the enlarged group

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.

The enlarged group will support Lundbeck in obtaining regulatory approval of Desmoteplase and marketing the drug as an innovative therapeutic for the causal treatment of acute ischemic stroke. PAION has been informed by Lundbeck that it intends to submit data to the regulatory authorities with a view to obtaining their approval of a new Phase III clinical trial of Desmoteplase. Lundbeck has informed PAION that it expects to initiate this clinical trial in the second half of 2008.

In addition, the enlarged group will seek to outlicense M6G on economically attractive terms. Similarly, outlicensing of Solulin is envisaged after completion of Phase I clinical trials, in which the enlarged group expects to demonstrate this drug candidate's mechanism of action in humans, and having reached proof-of-concept. A decision regarding the further clinical development of CNS 5161 will be made based on the results of the ongoing Phase II clinical trial. With respect to CNS 7056, an innovative sedative which in preclinical studies has shown a superior onset of action and clearance profile compared with the sedatives currently on the market, the enlarged group plans to conduct a Phase I clinical trial in 2008.

Wolfgang Söhngen, CEO of PAION AG commented, “With its combined strong development portfolio targeted at both cardiovascular and CNS related conditions, I believe the enlarged group will be well-positioned to successfully implement its realigned strategy. While we continue to participate in the upside potential of Desmoteplase we will now focus on a portfolio of drug candidates with a diversified risk profile and move away from being perceived as a “one product company”. By combining the two companies PAION is taking a first step towards creating a platform for building critical mass. If we manage to carry the positive attitude of all parties involved in getting to today’s agreement on into the integration process, we will have a chance to build a substantial biopharmaceutical company with an extraordinary profile.”

Neil Clark, CEO of CeNeS Pharmaceuticals plc added, “We are pleased to have reached agreement with PAION and are excited by the potential of the enlarged group. The combination creates a diversified pipeline backed by a strong balance sheet and a proven management team. The enlarged group will be well placed to achieve significant clinical and commercial milestones over the next 24 months.”

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

###

Conference Call

Today at 11:30 a.m. CEST (10:30 a.m. BST) PAION and CeNeS will host a conference call on the proposed transaction. The conference call will be conducted in English. Participants may dial +49 (0)69 5007 1314 (from Germany) or +44 (0)20 7806 1964 (from UK). Upon request please enter 7460792 as participant passcode. To allow for smooth processing we suggest that you dial in 10 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:
http://www.thomson-webcast.net/de/dispatching/?paion_080410misc.

Please be aware that due to the restrictions under the UK Takeover Rules it will not be possible to provide a replay of the conference call or a download of the presentation.

The dial-in details and webcast link are also available on the companies’ websites www.paion.de and www.cenes.com.

Disclaimer

This communication is neither an offer to buy securities nor a solicitation for an offer to sell securities. Securities may not be offered or sold in the United States absent registration or an exemption from registration. There will be no public offer of the shares of PAION AG in the United States.

About CeNeS

CeNeS is a biopharmaceutical company specialising in the development and commercialisation of drugs for CNS disorders, which are a major cause of mortality and disability. The CeNeS Group is focused on the development and commercialisation of novel drugs for use by hospital-based anaesthetists, pain specialists and neurologists. Its portfolio of drug candidates is targeted at postoperative pain, neuropathic pain, sedation, anaesthesia and Parkinson's disease. As at December 31, 2007, the CeNeS Group had 15 full-time equivalent employees.

About PAION

PAION is a biopharmaceutical company specializing in developing and commercializing innovative drugs for the treatment of thrombotic diseases, that is, diseases caused by the obstruction of a blood vessel by a blood clot. Currently, PAION's focus is on the causal treatment of acute ischemic stroke. PAION intends to build and expand its portfolio of drug candidates using a "search-and-development" approach. Accordingly, PAION seeks to identify promising new compounds, license or otherwise acquire them and advance them through the clinical development and regulatory approval process. Where appropriate, particularly during the late stages of the clinical development and approval process and the commercialization phase, PAION seeks to collaborate with experienced partners. At 31 December 2007, PAION had 53 full-time equivalent employees.

Contact CeNeS

Ben Brewerton / John Dineen
Financial Dynamics
+44 (0) 20 7831 3113
john.dineen@fd.com
www.cenes.com

Contact PAION

Dr. Peer Nils Schroeder
Head of Investor Relations / Public Relations PAION AG
Martinstrasse 10-12
52062 Aachen – Germany
Tel. +49 (0)241 4453-152
pn.schroeder@paion.de
www.paion.de