



PRESS RELEASE

PAION AG REPORTS SUCCESSFUL CLOSING OF EUR 9.4 MILLION CAPITAL INCREASE

Aachen, 27 April 2006 – PAION AG (Frankfurt Stock Exchange, Prime Standard: PA8) has successfully closed the capital increase which was announced on 5 April 2006. The gross proceeds from this transaction amount to EUR 9.4 million. In the course of this private placement 1 million new shares have been issued at a price of EUR 9.44 per share, which was calculated as the average of the last five XETRA closing prices of the PAION shares at the Frankfurt Stock exchange prior to the day when the transaction was announced. The Company has 16,755,552 shares outstanding after the close of this transaction.

Participants in the private placement were US and European institutional investors including J.P. Morgan Proprietary Equities, of New York, NY (USA) and Xmark Opportunity Fund, of Stamford, CT (USA).

“The interest we saw from top US and European funds allowed this private placement to be executed quickly”, comments PAION’s CEO Dr. Wolfgang Soehngen. “We are very pleased with the quality of the institutions that participated in this transaction and see this as a validation of our pipeline and strategy.”

In this transaction, Sal. Oppenheim jr. & Cie. KGaA, of Cologne (Germany), and Trout Capital LLC, of New York (USA) acted 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The information contained herein is not for publication or distribution to persons in the United States of America.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