



**PRESS RELEASE
INCLUDING
AD-HOC ANNOUNCEMENT ACCORDING TO §15 WPHG
CONTRACTS**

**PAION AGREEMENT WITH LUNDBECK COMES INTO FORCE,
SECURING FUTURE DESMOTEPLEASE DEVELOPMENT AND
EUR 8 MILLION UPFRONT-PAYMENT TO PAION**

- **Positive outcome of final IP due diligence by Lundbeck**
- **Expanded licensing agreement now fully valid**
- **PAION to receive EUR 8 million non-refundable upfront payment**
- **Desmoteplase development will be continued with initiation of new Phase III study anticipated for second half of 2008**
- **Impressive turnaround for PAION**

Aachen (Germany), 29 January 2008 - PAION AG (Frankfurt Stock Exchange, Prime Standard: PA8) today announced that the expanded licensing agreement with H. Lundbeck A/S regarding the compound Desmoteplase has now come into force without any condition after Lundbeck's positive completion of its IP due diligence. As a result, PAION will receive a non-refundable upfront payment amounting to EUR 8 million which is due within the first quarter of 2008.

+++ End of Ad-hoc Announcement +++

As announced on 21 December 2007, PAION and Lundbeck have expanded their existing relationship on Desmoteplase. Under the new agreement Lundbeck is responsible for future studies and the regulatory approval process. PAION will contribute its expertise. After market approval Lundbeck has the worldwide marketing rights with PAION retaining co-promotion rights in Germany, Switzerland and Austria.

Within the new deal structure, PAION will be eligible for a total of up to EUR 71 million in upfront and milestone payments. On top of the EUR 8 million which are to be paid within the first quarter of 2008, EUR 38 million consist of pre-commercialisation milestones and EUR 25 million are due post approval on first commercial sales and reaching undisclosed sales targets. In addition, PAION will receive double-digit royalties. These royalty rates are net of the royalties which PAION has to pay to Desmoteplase's originator Bayer-Schering Pharma AG.

While the initial top-line results of the DIAS-2 (Desmoteplase In Acute Ischemic Stroke) study with the compound Desmoteplase showed inconclusive results, an extended analysis of the data indicated that Desmoteplase may indeed prove beneficial for stroke patients. Key findings from this analysis include that, in contrast to the Phase II studies, almost half of the DIAS-2 patients lacked visible vessel occlusion before treatment and were thus less likely to benefit from thrombolysis.

Moreover, when analyzing patient subgroups using presence of vessel occlusion as treatment criteria, a reduced response rate in the placebo group and a positive effect of Desmoteplase versus placebo was observed, however not statistically significant due to the small sample size.

Additionally, pooled results from the clinical Phase II and III studies (DIAS/DEDAS/DIAS-2) show statistically significant efficacy in favour of Desmoteplase if patients without visible occlusions in the large brain arteries are excluded.

At the same time the analysis also indicates that patients without a visible vessel occlusion in the main arteries but with a large penumbra may also benefit from the treatment with Desmoteplase.

Lundbeck plans to present data to the regulatory authorities in order to gain acceptance on the planned new clinical Phase III study expected to be initiated by Lundbeck in the second half of 2008.

"When the agreement was signed in December 2007 the usual IP due diligence was still ongoing. This process has now been completed within the expected timeframe and its positive outcome confirms the solid patent status for Desmoteplase," says Dr Wolfgang Söhnngen, CEO of PAION AG. "Our expanded agreement with Lundbeck sets a clear development path for Desmoteplase and secures PAION substantial benefits. PAION will now push forward its process of diversification which may include adding new compounds to our pipeline as well as exploring M&A opportunities."

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About Desmoteplase

Desmoteplase, the most fibrin-specific plasminogen activator known today, is a genetically engineered version of a clot-dissolving protein found in the saliva of the vampire bat *Desmodus rotundus*. It has received fast-track designation from the U.S. Food and Drug Administration for the indication of acute ischaemic stroke.

About Stroke

Stroke is the third leading cause of death in the industrialised world and a leading cause of serious, long-term disability. In the US alone, 700,000 people suffer a stroke each year, and around 20% of them die within four weeks. For the US, the American Heart Association expects the financial burden of stroke due to in-hospital costs, long-term care programs and productivity losses to exceed 62 billion dollars in 2007 alone.

About PAION

PAION is a biopharmaceutical company based in Aachen, Germany (listed at 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.

Contact PAION

Dr. Peer Nils Schroeder, 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