



PRESS RELEASE

PAION ANNOUNCES PHASE I STUDY WITH SEDATIVE/ANAESTHETIC CNS 7056 PROGRESSED TO MIDAZOLAM COMPARISON

**Today company presentation at
UBS Global Life Sciences Conference**

Aachen (Germany), Cambridge (United Kingdom), 22 September 2008 - The biopharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange, Prime Standard: PA8, London AIM: PAI) today announces that its Phase I study with its sedative CNS 7056 has progressed to the dose levels that induce pronounced sedation. In addition, the first group including a comparison with midazolam, the current gold standard for procedural sedation has been completed. So far no safety concerns were raised by the Drug Safety Monitoring Board.

CNS 7056 is a new short-acting sedative/anaesthetic that acts on GABA_A receptors in the brain. Pre-clinical studies demonstrate that, after intravenous administration, the compound quickly induces sedation. Importantly, the sedative effects disappear extremely rapidly after cessation of administration.

The double-blind, placebo- and midazolamcontrolled Phase I study is focussing on the safety, tolerability and pharmacokinetics of single ascending doses of CNS 7056 in healthy volunteers. In addition, the efficacy of the substance is ascertained by assessing the sedation of the volunteers. At the end of each cohort, a Drug Safety Monitoring Board meets to evaluate the study data prior to allowing escalation to the next highest dose cohort, if appropriate. More than 30 subjects have already been enrolled in the study which at higher dosages includes a group treated with midazolam, the standard drug used for procedural sedation in order to start elucidating the comparative efficacy profile. The study will enrol up to 91 subjects and is expected to be completed by the end of the year.

CNS 7056 is initially being developed as a sedative agent for hospital and outpatient procedures, such as endoscopies. It has further potential for the induction and maintenance of anaesthesia and for long term sedation in the intensive care unit.

Wolfgang Söhngen, CEO of PAION commented: *“CNS 7056 was the hidden gem in the CeNeS pipeline and we are glad to see this promising compound progressing as planned. As much as we can judge from the blinded data we are positive that the profile will meet our expectations. With its expected quick on/off sedative profile and thus anticipated faster recovery, CNS 7056 could mark an important progress for patients undergoing painful out-and inpatient procedures such as colonoscopy which is estimated to be carried out in an ever growing number of patients. Fast recovery after sedation is both in the interest of the treating physician and the patient.”*

Today, on 22 September 2008, at 8.00 a.m. EDT (1.00 p.m. BST, 2.00 p.m. CEST), PAION will present at the UBS Global Life Sciences Conference in New York City. A link for accessing the audio webcast of the presentation is provided on the company's website www.paion.de

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About CNS 7056

CNS 7056 is a new short-acting sedative and general anaesthetic that acts on GABA_A receptors. The substance was added to PAION's portfolio by acquiring CeNeS who in turn had acquired the substance from GlaxoSmithKline. CNS 7056 is a water-soluble, rapid and short-acting GABA_A receptor modulator interacting with the benzodiazepine site. Data generated to date show that, after intravenous administration, CNS 7056 rapidly induces sedation which is maintained during continuous administration. Importantly the sedative effects rapidly disappear after cessation of administration. The rapid offset of effect of the compound is due to its metabolism by esterase enzymes that are widely distributed throughout the body. Therefore it is anticipated that CNS 7056 can be clinically developed as a sedative agent for day case procedures, the induction and maintenance of anaesthesia and as a sedative for mechanical ventilation in the Intensive Care Unit (ICU). In 2007, CeNeS completed a license agreement for CNS 7056 with Ono Pharmaceuticals. Under this agreement, Ono will develop and commercialize CNS 7056 for the Japanese territory.

About PAION

PAION is a biopharmaceutical company headquartered in Aachen, Germany. Since the acquisition of CeNeS Pharmaceuticals, which was completed in June 2008, the company has a second site in Cambridge, UK. The company is specializing in developing and commercializing innovative drugs for the hospital-based treatment of central nervous system (CNS) disorders and thrombotic/cardiovascular diseases, indications for which there is a substantial unmet medical need. PAION intends to further expand its portfolio of drugs by exploiting its core expertise in identifying high-potential compounds, licensing or otherwise acquiring them and advancing 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.

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