

PAION – Moving Forward

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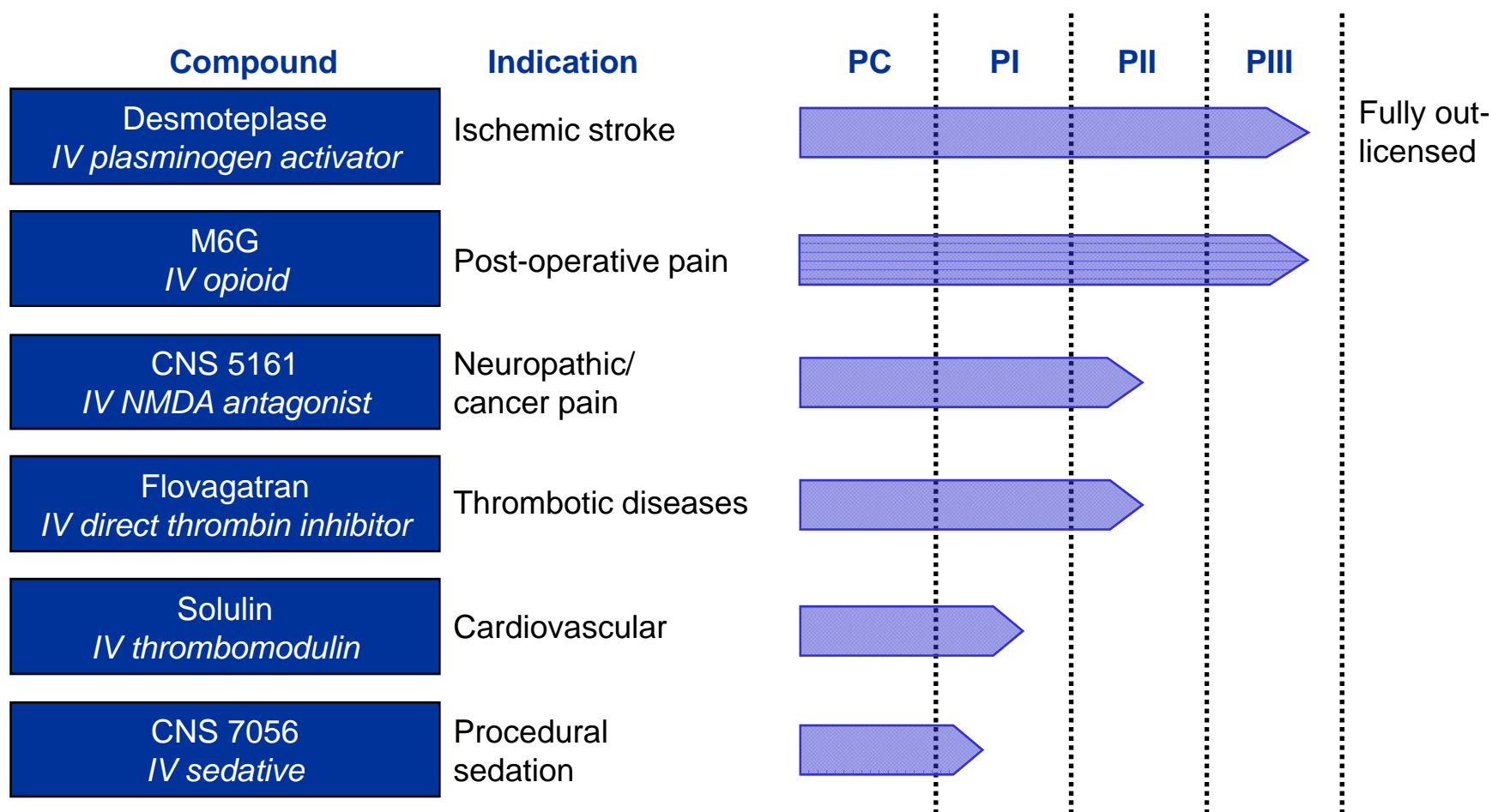
PAION

- Biopharmaceutical company with mature pipeline of specialty pharma products and operations in Aachen (DE) and Cambridge (UK)
- 6 clinical projects for pain, sedation and cardiovascular indications
- Partnerships with Lundbeck (Phase III lead program) and Ono (Phase I sedation project)
- Track record in search, development, partnering and M&A
- Potential for rapid R&D progression and further partnering
- EUR 39 million cash & cash equivalents at end of Q3 2008

PAION – moving forward

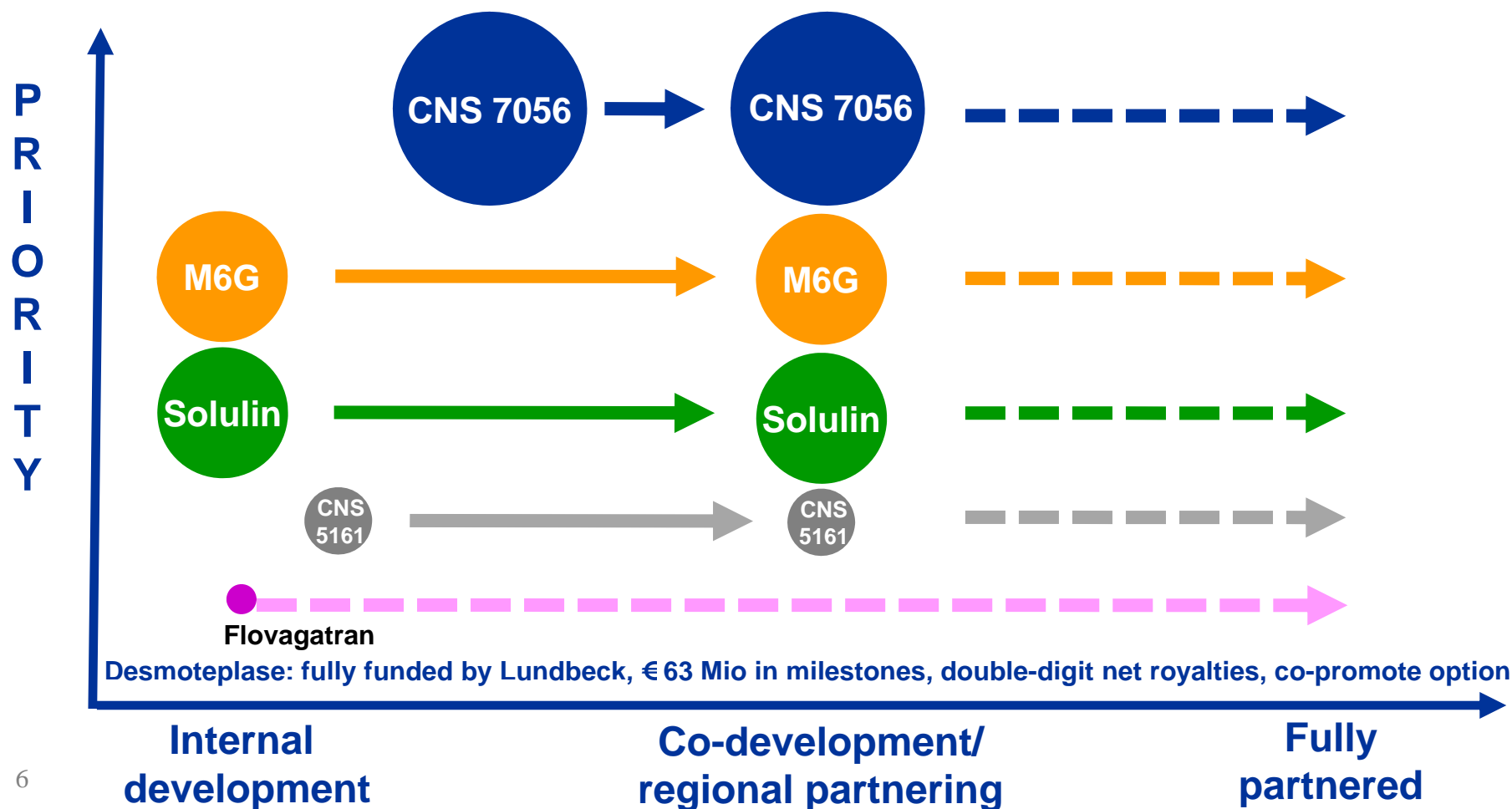
- **Balanced risk-reward profile**
- **Focused “Search & Development” approach**
 - Improve time to value profile by active portfolio management
 - Continue to de-risk through cooperation with experienced partners
 - Selectively invest in development activities
 - Seek early partnering where rewarding
 - Add value by maintaining (co-)promotion rights
- **Enhanced mix of revenues and funding**
- **Enhanced operational flexibility by preserving cash**
- **Lean cost structure**
- **CeNeS acquisition first step to building critical mass**

Pipeline by development status



PAION portfolio strategy

Size of bubble indicates current development costs allocation



CNS 7056 (sedation/anesthesia) profile and positioning

- Potent and selective ligand for benzodiazepine site of the GABA_A receptor
- Preclinical models: Induces sedation/anesthesia
- Positioning:
 - Rapid onset and offset of effect
 - Minimal cardiovascular or respiratory depression
 - Rapid metabolism to inactive metabolite
- Indications:
 - Procedural sedation (e.g. endoscopies)
 - Induction and maintenance of anesthesia
 - Sedation for ventilation in intensive care

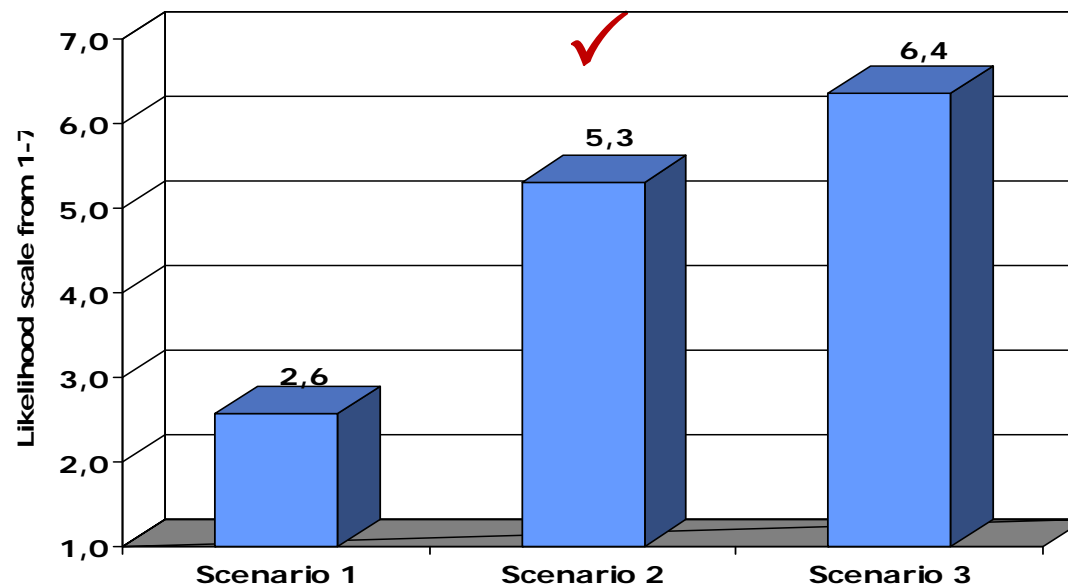
CNS 7056 status and plans for 2008/2009

- Phase I study almost completed (focus on sedation)
 - Up to 91 volunteers
 - Double-blind, placebo- and midazolam-controlled
- Phase I results expected H1 09, together with proof of concept and definition of dosages for Phase II
- Phase II (procedural sedation) in preparation and study expected to commence in H2 09
- Partnering/outlicensing efforts (for rights outside Japan) will be performed in parallel to Phase II
 - Ono drives the development for the Japanese territory

M6G (post-operative pain) profile and positioning

- Morphine-6-glucuronide: active morphine metabolite with reduced side effects
- Treatment of post-operative pain
- Positioning:
 - Significant reduction of incidence of post-operative vomiting and combined score for post-operative nausea and vomiting (PONV) as compared to morphine
 - Less supervision and less anti-emetic co-medication as compared to morphine
- Efficacy and safety profile established with more than 1,000 patients on drug provide solid basis for approvability with additional data
- Narrowly missed a statistically significant result in one primary endpoint in the latest Phase III trial ($p= 0.052$) with a clinically relevant reduction of postoperative nausea and vomiting of 27% vs morphine (equi-analgesic to morphine)

M6G: Primary market research confirms attractive profile



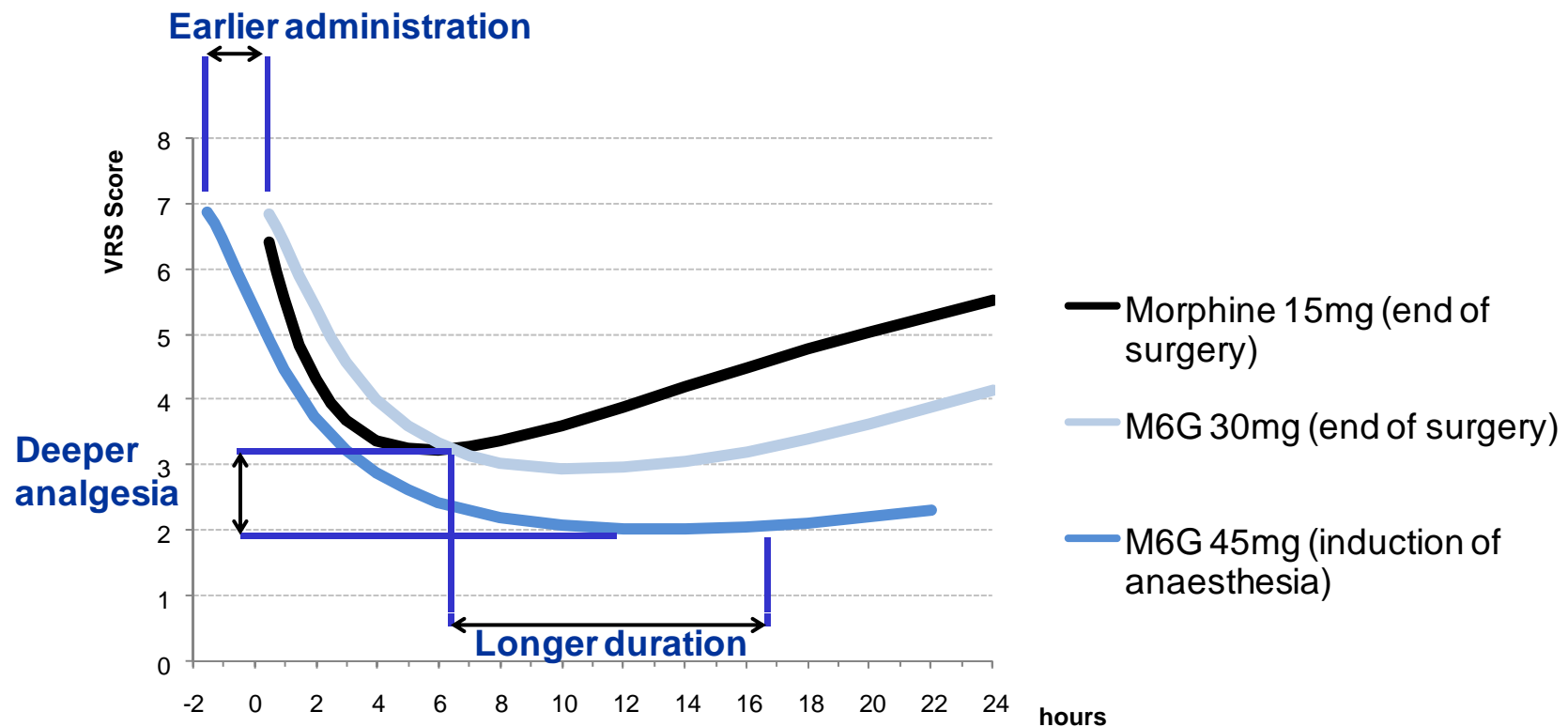
Respondents were asked their likelihood on a scale of 1-7 where 1= not at all likely and 7= extremely likely, what their likelihood to use Product X would be if it were able to show the following clinical results in additional Phase III studies

- Scenario 1: Equivalent analgesic efficacy to morphine only
- **Scenario 2: Equivalent analgesic efficacy to morphine and reduction in incidence of PONV**
- Scenario 3: Equivalent analgesic efficacy to morphine, reduction in incidence of PONV and lower levels of sedation compared with morphine

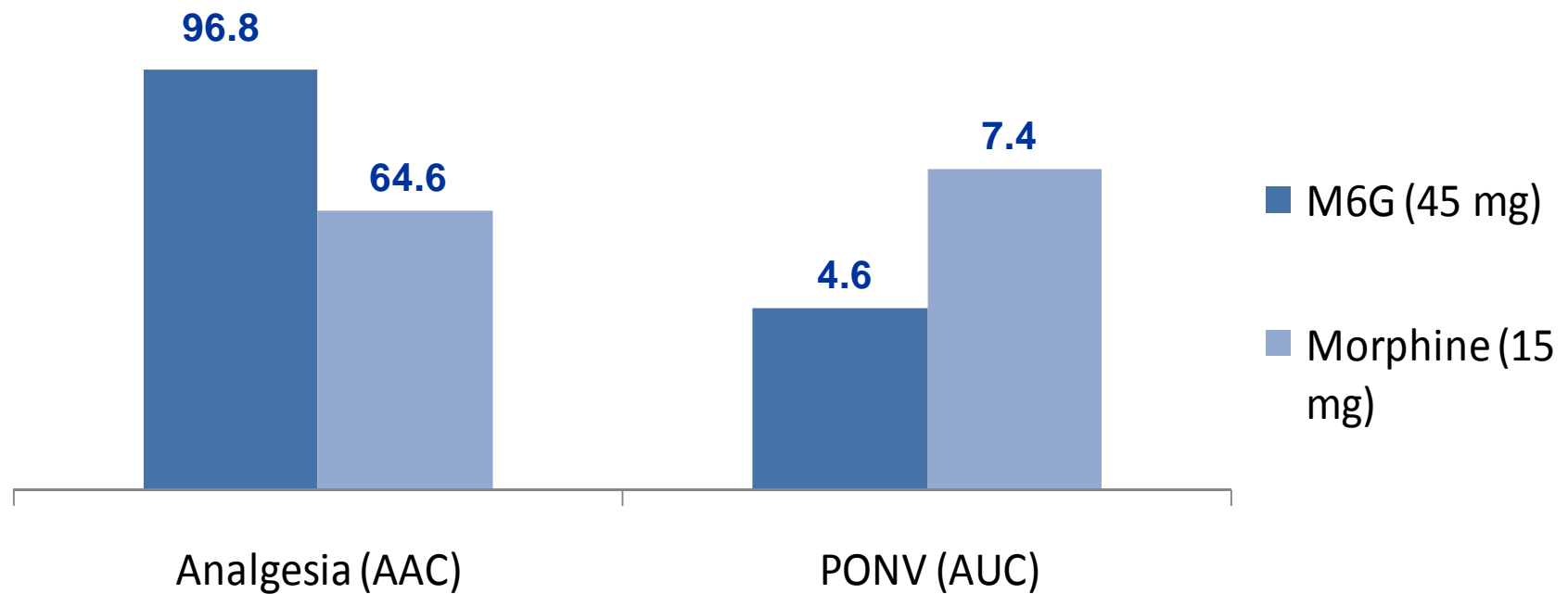
Conclusions of re-analysis of M6G data

- Conclusions of meta-analysis (based on 769 patients)
 - M6G to be at least as effective as morphine as an analgesic
 - M6G has a longer duration of action than morphine
 - The analgesic effects of M6G are accompanied with significantly less moderate/severe nausea ($p= 0.025$; relative reduction 27%) and vomiting ($p= 0.010$; relative reduction 29%) as compared with morphine
- Conclusions of PK/PD modelling (n=168 and 345 respectively)
 - Appropriate loading dose identified
 - Appropriate timing of drug administration: with premedication/induction of anaesthesia
 - Sufficient evidence for a wider therapeutic margin for M6G compared to morphine, allowing further dose increase

Modelling shows deeper analgesia and longer duration



Modelling shows wider therapeutic window for M6G



AAC: Area above the curve; AUC: Area under the curve

Solulin (anticoagulant) profile and positioning

- Improved, soluble human thrombomodulin
- Can be used in a variety of thrombotic disease states
- Positioning:
 - Anticoagulant effect without influencing the bleeding propensity over a wide range of dosages
 - Long half life
 - High efficacy due to specific action
 - Additional anti-inflammatory effects
 - No need for monitoring
- Also potential in indications such as
 - Radiation injury (radiation destroys human thrombomodulin)
 - Inflammatory bowel disease

Solulin status and plans for 2008/2009

- Single and multiple dose Phase I (SOLID-I) completed and proof-of-concept achieved
- Dose range for Phase II clearly identified, favourable safety profile thus far
- Clinical trial material available to start Phase II development
- Partnering efforts initiated in June 2008 and completion expected for H1 2009

CNS 5161 (pain) profile and positioning

- Selective, high affinity, use-dependent NMDA receptor antagonist
- Potential in neuropathic pain and late-stage cancer pain
- Positioning:
 - Efficacy in patients refractory to other drugs
 - No psychomimetic side-effects
 - Potential for patch formulation

CNS 5161 status and plans for 2008/2009

- Co-development with Ergomed (CRO)
- Phase IIa study in cancer pain ongoing in patients with opioid-refractory cancer pain (add-on treatment)
 - Aim of study is to evaluate the safety aspects of this NMDA antagonist (including hypertension and psychomimetic effects)
 - Open-label dose escalating study design (last dose level reached without any safety concerns) allows continuous monitoring
- Study data expected by end of 08 and decision on next steps in Q1 09

Flovagatran (anticoagulant) profile and positioning

- Direct thrombin inhibitor
- Tested in 2 small Phase IIa studies (PTCA/Hemodialysis)
- Positioning:
 - Rapid on/off anticoagulation (short half-life)
 - Clearance mainly hepatic, no dose adjustment in renal patients expected
 - Non-immunogenic (small molecule)
 - Low propensity for bleeding risk
- Planned to substitute Heparin in acute situations

Flovagatran status and plans for 2008/2009

- Phase II project with data in haemodialysis and PTCA
- PAION intends to re-position Flovagatran prior to the next clinical study
 - PAION sees larger market potential in e.g. coronary artery bypass grafting (CABG)
- A pre-clinical program has been initiated to
 - Evaluate PD in a model of CABG
 - Improve toxicology package
- Next step to be decided after data are available in H1 2009

Desmoteplase (stroke) value retained

- In January 2008, PAION granted Lundbeck global exclusive rights to Desmoteplase and received EUR 8m upfront
- Lundbeck bears all future development costs, gaining full control of development and commercialization
- PAION eligible to a total of up to EUR 63m milestone payments and double-digit net royalties (after royalties paid to Bayer Schering Pharma AG, the licensor of the compound)
- On demand, PAION supports Lundbeck in the ongoing and future development activities and retained a co-promote option in the German speaking countries
- Lundbeck plans to start the next Phase III study in late 2008 in acute ischemic stroke; consultation with the relevant authorities is ongoing

Financials

Financial key figures Q1-Q3 2008

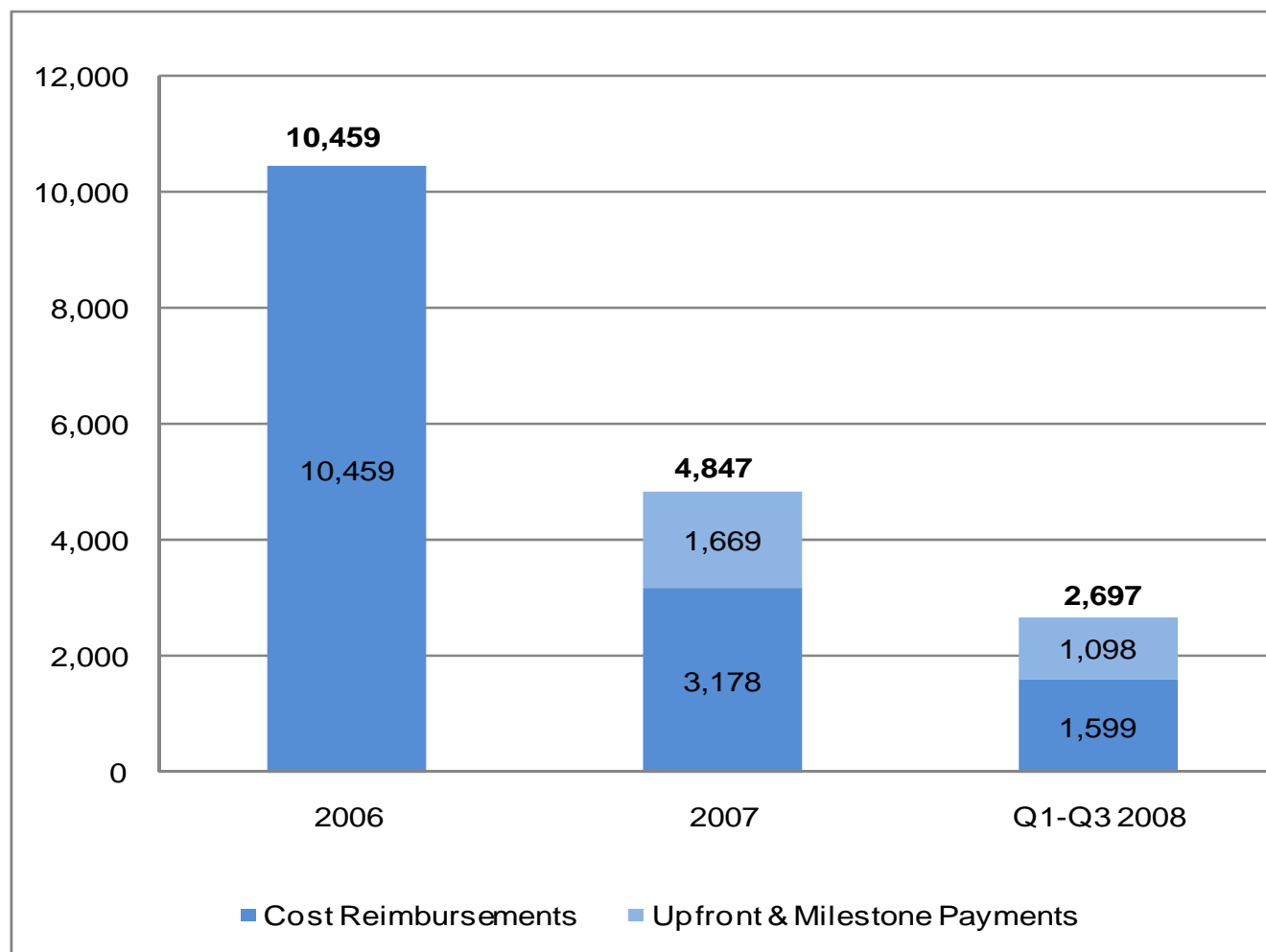
In accordance with International Financial Reporting Standards IFRS

	FY 2006	FY 2007	Q1-Q3 2008
P&L Statement			
Revenues	10,459	4,847	2,697
Cost of revenues	-7,252	-2,979	-717
Selling and marketing expenses	-1,088	-560	-84
General and administrative expenses	-4,563	-4,407	-6,161
Research and development expenses	-16,487	-9,814	-6,064
Operating result (EBIT)	-18,782	-12,624	-10,243
Net result	-17,386	-10,512	-9,320
EPS (in EUR, basic and diluted)	-1.06	-0.63	-0.49
Cash Flow Statement			
Net cash from operating activities	-14,742	-13,448	-2,144
Net cash from investing activities	-452	-204	-467
Net cash from financing activities	14,012	-636	-1,471
Balance Sheet			
	12/31/2006	12/31/2007	09/30/2008
Cash and cash equivalents	57,189	42,901	38,820
Equity	45,471	35,664	36,866
Balance sheet total	70,050	45,542	60,033
Equity ratio	64.9%	78.3%	61.4%
Employees			
FTE (average in period)	77	75	50

all figures in EUR k unless otherwise noted

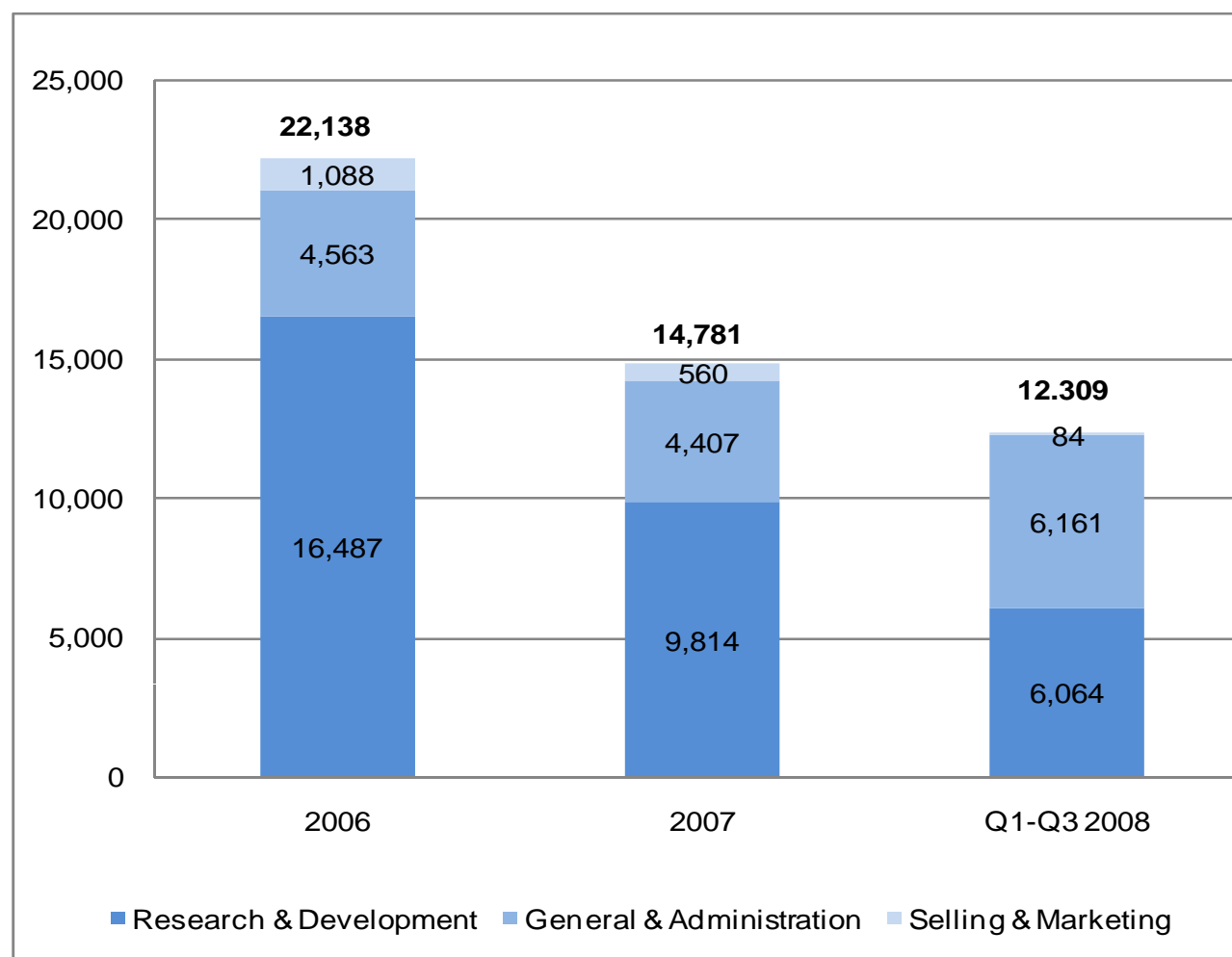
Revenues

all figures in EUR k



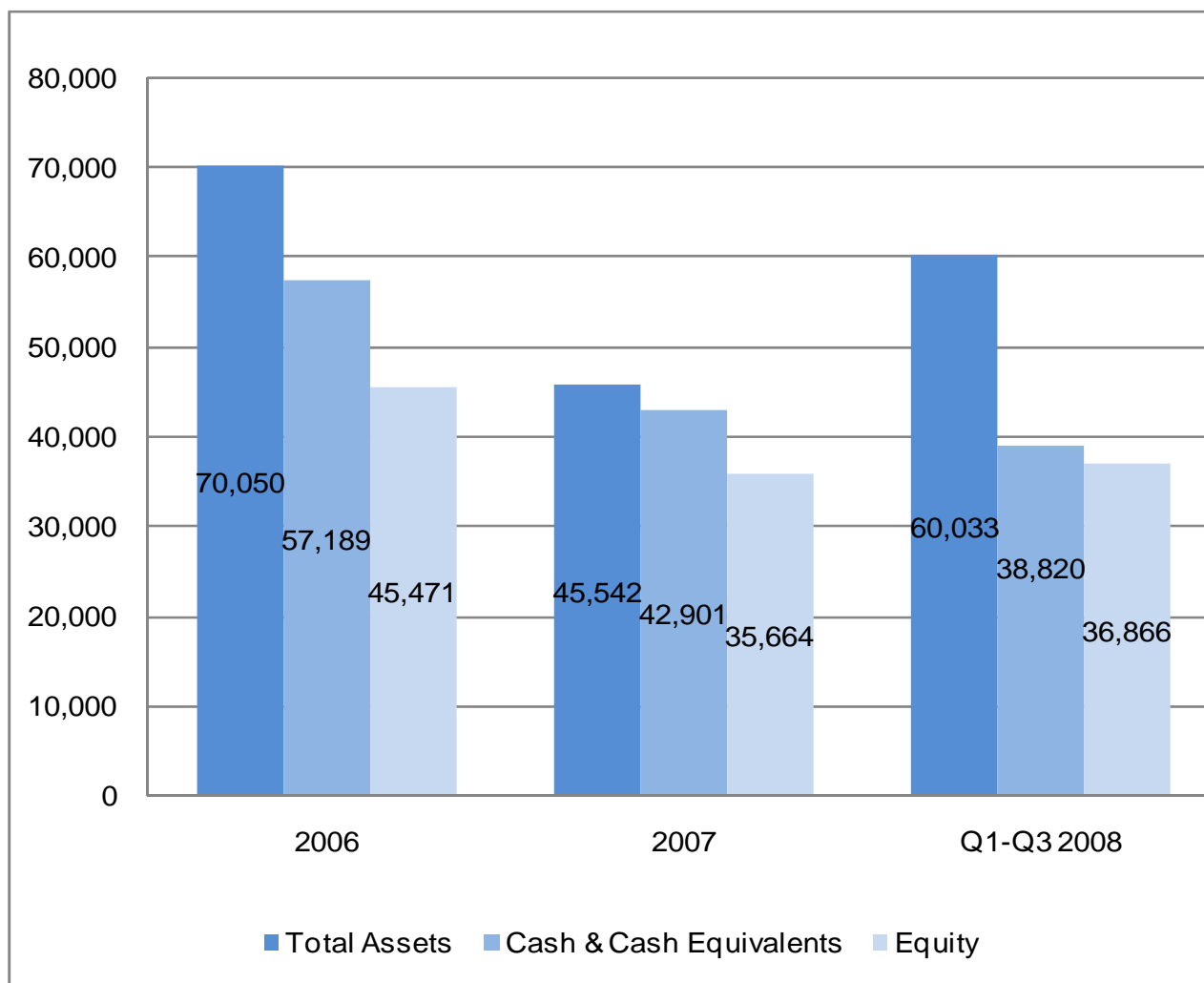
Cost segments

all figures in EUR k



Total Assets / Cash / Equity

all figures in EUR k



Expected newsflow 2008-2009

	H2 08e	H1 09e	H2 09e
CNS 7056	Phase I study preparation of Phase II	Proof of concept and definition of dosages for Phase II	Start Phase II
Solulin	Partnering started	Partnering	Start of Phase II with partner
M6G	Data analysis ✓	Partnering	Restart of clinical development with partner
Desmoteplase	Lundbeck to start Phase III study*		
CNS 5161	Data of Phase II study	Decision on next step	
Flovagatran	Pre-clinical studies	Decision on next step	

Investment summary

- PAION has successfully initiated its strategic realignment:
 - Broadened pipeline with 5 internal and 1 fully partnered clinical projects
 - Expanded key indications
- Strong cash position enables to achieve significant milestones until end of 2010 (not including income from partnering)
- Focus on specialty pharma projects with balanced risk profile
- Strong track record for successful M&A, partnering, commercialization and development activities
- Exciting momentum and newsflow provided by rapid R&D progression, expected clinical milestones and potential partnering opportunities
- Projects on track



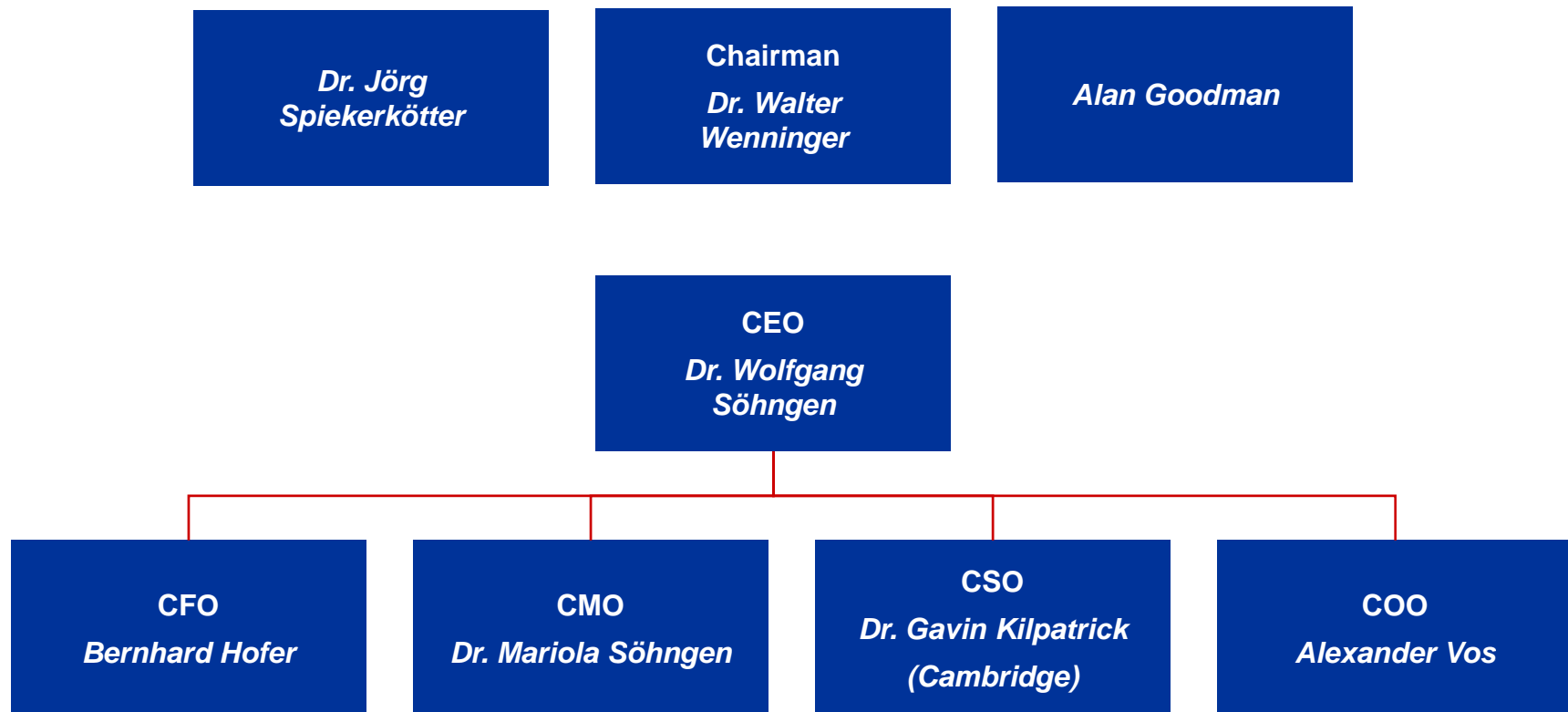
Thank you very much
for your attention!

Contact:

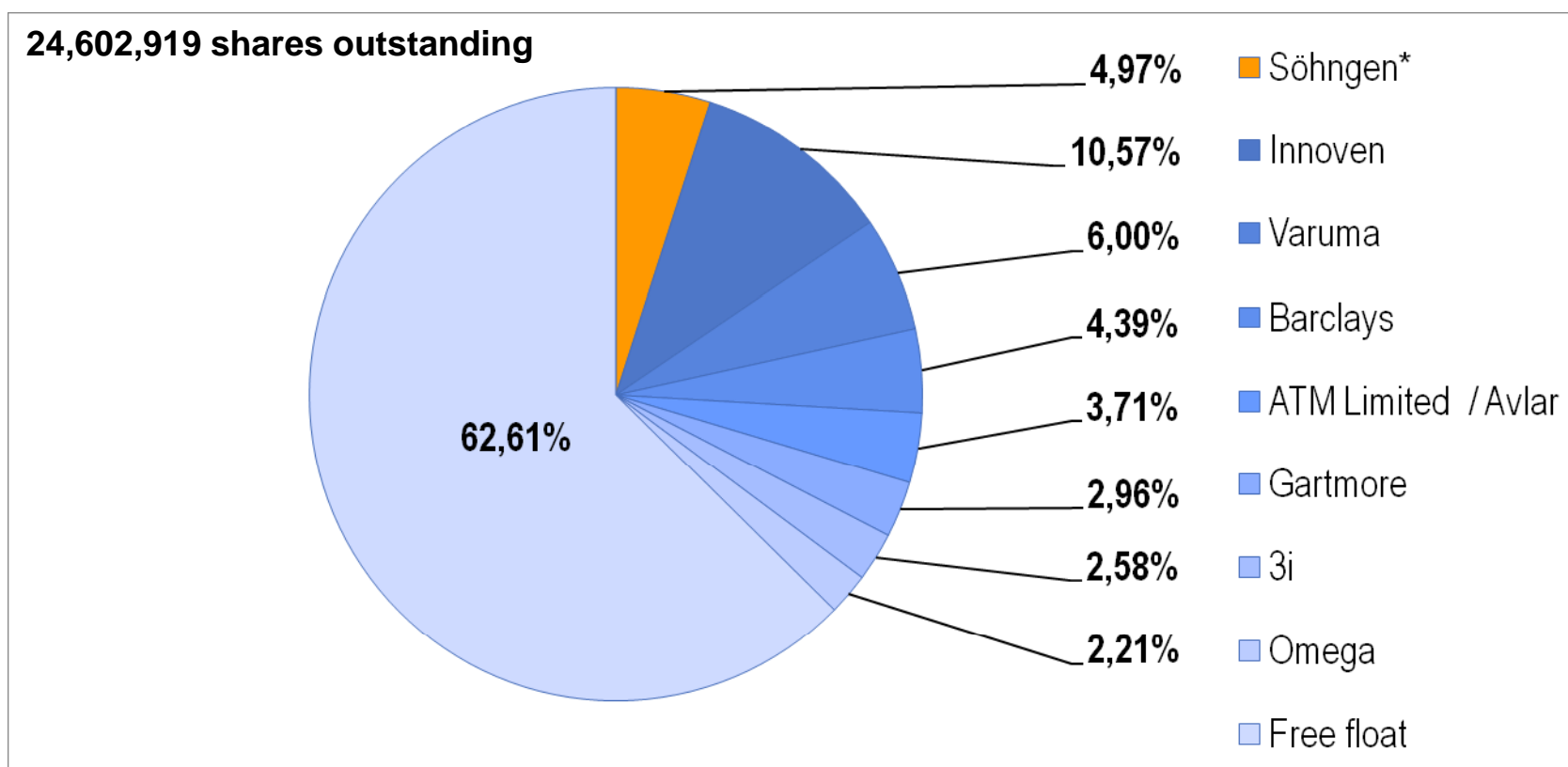
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Integration achieved and new Board structure established



Shareholder structure (as of 3 November 2008)



*Dr Mariola Söhngen 2.62%, Dr Wolfgang Söhngen 2.35%

Investor relations data

- Total number of shares: 24,602,919
- ISIN DE000A0B65S3
- Listing Frankfurt Stock Exchange, Prime Standard Regulated Market
 - WKN A0B65S
 - SE Symbol: PA8 (Bloomberg: PA8 GR)
 - Most liquid trading on XETRA (PA8 GY)
 - Designated Sponsors: Commerzbank, Sal. Oppenheim
- Listing London Stock Exchange, AIM
 - SE Symbol: PAI
 - Nomad and broker: Teathers
- Contact: Dr. Peer Nils Schröder
Director of Corporate Communications & Investor Relations
Phone +49 241 4453-152, e-mail pn.schroeder@paion.com

Financial calendar 2008

03 March	Publication of the financial results 2007
29 April	Publication of the financial results for the first quarter 2008
05 May	Annual General Meeting, Aachen (Germany)
11 August	Publication of the financial results for the second quarter 2008 and the first half-year 2008
05 November	Publication of the financial results for the third quarter 2008 and the first nine months 2008
11 November	Analysts meeting