



PRESS RELEASE

PRODUCTS

PAION SEES CONTINUED DEVELOPMENT RATIONALE FOR DESMOTEPLASE BASED ON FINDINGS FROM PHASE III ANALYSIS

Reasons identified for high placebo response rate in Phase III stroke study DIAS-2

Aachen (Germany), 18 October 2007 – PAION AG (Frankfurt Stock Exchange, Prime Standard: PA8) today reported that it has reviewed findings from the analysis of the DIAS-2 (Desmoteplase in Acute ischemic Stroke) study results. In contrast to previous Phase II studies, the DIAS-2 study did not meet its primary efficacy endpoint due to a lack of improvement in the Desmoteplase groups over placebo. Therefore, the clinical efficacy of Desmoteplase as demonstrated in two smaller Phase II studies (DIAS and DEDAS) could not be confirmed. However, the analysis of the patient subgroups has generated new findings regarding the unexpectedly high placebo rate observed in the DIAS-2 study and provides indications for the efficacy of Desmoteplase, although short of any statistical significance due to the small patient numbers of the subgroups.

From the study's top-line results, it was already known that patients in the DIAS-2 study showed on average relatively mild symptoms of stroke. Now angiographs have been evaluated as part of the analysis. The data reveal that in contrast to DIAS and DEDAS, a high percentage of DIAS-2 patients did not have a blood clot in the main brain arteries at the start of treatment, despite the detection of salvageable brain tissue (penumbra) surrounding the infarct core according to the DIAS-2 study protocol. So far, stroke experts have assumed the presence of a penumbra to be a key indication of both visible (in the larger brain arteries) and non-visible blood clots (in smaller arteries). The new findings are crucial since Desmoteplase's main mechanism of action is to dissolve blood clots in occluded arteries.

Consequently, the high percentage of DIAS-2 patients lacking a blood clot in their main brain arteries seems to be a major reason for the similar clinical outcome across the different dose groups including placebo.

In addition, findings from patient subgroups with a detectable blood clot in their main brain arteries indicate that Desmoteplase could potentially show efficacy compared to placebo. In particular, the efficacy of the drug seemed to increase with the severity of the vessel occlusion. However, these findings have to be confirmed in a larger patient group in order to achieve statistical significance.

The latest findings from DIAS-2 are currently being discussed with leading stroke experts in order to optimize the design of potential new trials.

"We have identified probable reasons for the unexpectedly good outcome in the placebo arm as well as variables that will help optimize patient selection" state Prof Dr Werner Hacke and Anthony J. Furlan, MD, chairmen of the DIAS-2 Steering Committee. "Therefore, we see a scientific rationale to move on to the next study."

PAION's Chief Executive Officer Dr Wolfgang Söhngen comments: *"We believe that these findings provide a sound development rationale for Desmoteplase. Following positive feedback from our investigators, the key issue to be addressed in the near future is to secure sufficient funding and to implement the latest findings into the design of future trials. This has to be based on an assessment of potential patient benefit and the commercial opportunity from a revised program with Desmoteplase."*

The analysis was carried out under the lead of PAION. In August 2007, PAION's former partner Forest Laboratories, Inc. has decided to return all rights to Desmoteplase under its sub-license agreement for North America. PAION's partner H. Lundbeck A/S is currently evaluating the findings from the analysis.

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Conference Call

On Thursday, 18 October 2007 at 2 p.m. CEST (1 p.m. BST, 8 a.m. EDT) PAION will host a public conference call during which the latest findings in the DIAS-2 data analysis will be discussed. Participants may dial +49 69 2222 2220 (Germany), +44 20 7138 0839 (UK) or +1 718 354 1362 (USA). Please enter 2904733 as participant pass code. The conference call will be conducted in English. To allow for smooth processing we suggest that you dial in 10 minutes before the beginning of the call. The conference call will be recorded. A replay will be available starting approx. 2 hours after the call until end of day 20 October 2007. The dial-in details for the replay will be published after the conference call on our website www.paion.de/investors.

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 ischemic stroke.

About DIAS-2

The DIAS-2 (Desmoteplase in Acute Ischemic Stroke) study was designed to investigate the improvement of clinical outcome in patients with acute ischemic stroke treated with Desmoteplase within 3 to 9 hours after onset of stroke symptoms. Among other criteria, the detection of salvageable brain tissue (penumbra) of at least 20% compared to the infarct core was applied for including patients in the study. The blinded, randomized, placebo-controlled, dose-ranging Phase III study was jointly conducted by PAION and Forest and enrolled a total of 186 patients in Europe, USA, Canada, Australia, Hong Kong and Singapore.

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.

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