



PRESS RELEASE

PAION ANNOUNCES PLAN TO COMMENCE CLINICAL PROGRAM WITH ITS SEDATIVE CNS 7056

IND now open and PAION looking to start first-in-man study

Aachen (Germany), Cambridge (United Kingdom), 9 July 2008 - The biopharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange, Prime Standard: PA8, London AIM: PAI.L) today announces that its Investigational New Drug (IND) application for its sedative CNS 7056 is open, signifying FDA authorization to begin human testing with the compound. PAION is now progressing towards the initiation of a first-in-man study.

The company has already received approval by an Institutional Review Board (IRB). The Phase I study will be performed in the United States and PAION expects that it will be completed by the end of the year.

Under the Phase I study, ascending doses will be examined. The primary purpose of this study is to evaluate the safety profile and pharmacokinetics of CNS 7056. However, importantly, proof of concept data will also be generated because the sedative activity of the compound will be monitored. On completion of Phase I, PAION plans to conduct a Phase II study in patients that require procedural sedation (e.g. colonoscopy).

PAION acquired CNS 7056, a new short-acting sedative that acts on GABA_A receptors in the brain, as part of its acquisition of CeNeS Pharmaceuticals earlier this year. Pre-clinical studies demonstrate that, after intravenous administration, the compound quickly induces deep sedation. Importantly, the sedative effects rapidly disappear after cessation of administration. The swift offset of effect of the compound is due to its metabolism by esterase enzymes that are widely distributed throughout the body. CNS 7056 is initially being developed as a sedative agent for hospital 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: *"The fact that we have now gained authorization for advancing CNS 7056 into a Phase I study which will also provide proof of concept data illustrates that we are able to rapidly execute on value creating steps for our expanded pipeline, leading to a series of near to mid term news flow. We regard CNS 7056 as a rising star in PAION's portfolio and we intend to drive this forward rapidly. I would like to thank the team for their efforts in moving this program ahead as planned despite the acquisition process, which underscores how well the integration of CeNeS has worked."*

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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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