



PRESS RELEASE

PAION ANNOUNCES DOSING OF FIRST HEALTHY VOLUNTEERS IN PHASE I STUDY WITH ITS SEDATIVE/ANAESTHETIC CNS 7056

First-in-man study started

Aachen (Germany), Cambridge (United Kingdom), 25 July 2008 - The biopharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange, Prime Standard: PA8, London AIM: PAI) today announces that it has dosed the first healthy volunteers in the first-in-man Phase I study with its sedative/anaesthetic CNS 7056.

CNS 7056 is a new short-acting sedative 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 Phase I study will focus on the safety, tolerability and pharmacokinetics of single ascending doses of CNS 7056 in healthy volunteers. In addition, the efficacy of the substance will be ascertained by assessing the sedation of the volunteers. The double-blind, placebo-controlled study will enrol up to 91 subjects and is expected to be completed by the end of the year. A group treated with Midazolam, the standard drug used for procedural sedation, will also be included in order to start elucidating the comparative efficacy profile.

Healthy male or female volunteers will receive a short intravenous infusion of study drug (CNS 7056, placebo, or midazolam). At the end of each cohort, a Safety Committee will meet to evaluate the study data prior to allowing escalation to the next higher dose cohort, if appropriate. The Safety Committee will be able to stop the trial at any point.

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 is one of the most prominent compounds in our portfolio and we are very pleased to see that the Phase I study has now started, soon after we opened the IND. With its expected quick on/off sedative profile and thus anticipated faster recovery, CNS 7056 could mark an important progress for patients undergoing endoscopic procedures such as cancer screening colonoscopy which is estimated to be carried out 1.6 to 1.7 million times per year in the US alone while the demand is even higher. We expect that based on the extensive study protocol, even including a comparator, we will be able to achieve proof-of-concept for the mode of action within the now started study.”*

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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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