



PRESS RELEASE

PAION INITIATES PHASE II TRIAL WITH ITS ANESTHETIC/SEDATIVE CNS 7056

- Program moved from pre-clinical to Phase II in 10 months
- Completion expected by year end 2009

Aachen (Germany), 15 April 2009 – The biopharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange, Prime Standard: PA8) today announces the commencement of the initial Phase II study with CNS 7056, a new short-acting intravenous anesthetic/sedative. The study will enroll 100 patients undergoing diagnostic endoscopy of the upper gastrointestinal tract.

The Phase II trial is a randomized, double blind study examining three doses of CNS 7056 compared with midazolam in one hundred patients undergoing a diagnostic endoscopy of the upper gastrointestinal tract. The study is being conducted in multiple sites in the U.S. It is designed to evaluate the safety of CNS 7056 and the success of the sedation, as well as the time to full recovery and discharge, in comparison to the 'gold-standard' agent, midazolam. The study is expected to complete before the end of 2009. A successful proof-of-concept Phase I study of CNS 7056 reported results in January of this year.

“The rapid progression from a pre-clinical program to a Phase II trial in 10 months is the result of our focused development approach,” commented Wolfgang Söhnngen, CEO of PAION. “We at PAION are focused on turning CNS 7056 into a key value driver. We are hopeful that the current study will confirm that CNS 7056 is a valuable alternative for procedural sedation. The growing number of out-patient interventions requires a rapid recovery while avoiding the potential for prolonged or overly deep sedation. A product of this profile has the potential to improve patient well-being and reduce cost through reducing resources needed for supervision.”

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About CNS 7056

CNS 7056 is a new short-acting sedative and general anesthetic 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. The clinical proof of concept study, reported in January 2009, showed that, after intravenous administration, CNS 7056 rapidly induces sedation. 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 anesthesia and as a sedative for mechanical ventilation in the Intensive Care Unit (ICU). PAION plans to initiate partnering discussions in parallel to the ongoing Phase II in order to minimize time to

progression to Phase III for territories outside Japan, where the compound is partnered to Ono Pharmaceuticals.

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 has a "Search & Develop" business model, which is based on its core expertise in drug development. Where appropriate, particularly during the late stages of the clinical development, PAION seeks to collaborate with experienced partners.

Contacts

Oliver Schulte
Investor Relations
PAION AG
Martinstrasse 10-12
52062 Aachen – Germany
Phone: +49 241 4453-154
E-mail: o.schulte@paion.com
www.paion.com

Hilda Juhasz
MC Services AG
Schubertstrasse 10
80336 Munich – Germany
Phone +49 89 210 228-20
E-mail: hilda.juhasz@mc-services.eu