

For more information, contact:

Ed Field, President and COO
Aldagen
919-484-2571
efield@aldagen.com

Michelle Linn
Linnden Communications
508-362-3087
linnmich@comcast.net

FOR IMMEDIATE RELEASE**Aldagen Receives Orphan Drug Designation for ALD-101**

- ALD-101, a novel stem cell therapy, is currently in Phase 3 trial -

Durham, NC – October 29, 2008 – Aldagen, Inc. today announced that it has received orphan drug designation for ALD-101 from the U.S. Food and Drug Administration (FDA). The designation was granted for the use of ALD-101 to improve patient outcomes by decreasing time to platelet and neutrophil engraftment in patients with inherited metabolic disorders undergoing umbilical cord blood transplantation.

Aldagen is currently conducting a Phase 3 trial infusing ALD-101 in patients with inherited metabolic disorders undergoing umbilical cord blood transplantation. Cord blood transplantation is commonly used to treat children with inherited metabolic diseases, including Krabbe syndrome, metachromatic leukodystrophy, Hurler syndrome and adrenoleukodystrophy. These diseases are progressive, degenerative and often fatal. In many cases, the only treatment available to these patients is a transplant of blood-forming stem cells found in cord blood. Umbilical cord stem cells are located in the umbilical cord of a newborn at birth. Umbilical cord stem cells are not embryonic stem cells.

The FDA orphan drug designation, administered by the Office of Orphan Products Development, provides potential incentives such as funding for clinical studies, study design assistance, waiver of FDA user fees, tax credits and, importantly, up to seven years of market exclusivity upon marketing approval.

“FDA orphan drug designation for ALD-101 is an important asset in Aldagen’s development of ALD-101,” said Tom Amick, Chairman and Chief Executive Officer of Aldagen. “We are encouraged by the reductions in engraftment times seen in the Phase 1 ALD-101 trial and look forward to continuing our on-going Phase 3 trial of ALD-101.”

About ALD-101

ALD-101 is the population of stem cells that Aldagen produces from a portion of an umbilical cord blood unit using our proprietary stem cell isolation technology. ALD-101 is infused into the patient shortly after the transplant of the remaining portion of the cord blood unit. In a 24 patient Phase 1 clinical trial, Aldagen observed a reduction in the time to platelet and neutrophil engraftment in patients receiving ALD-101 following their cord blood transplant, as compared to similar patients who had received a cord blood transplant without ALD-101 in an earlier independent clinical trial. In each case, these reductions were statistically significant, with p-values of 0.05 or less. The pivotal Phase 3 clinical trial of ALD-101 is designed to further evaluate its ability to accelerate engraftment following cord blood transplants in pediatric patients with inherited metabolic diseases.

- more -



About Aldagen, Inc.

Aldagen is a biopharmaceutical company developing proprietary regenerative cell therapies that target significant unmet medical needs. The company has four product candidates in clinical trials. Aldagen's most advanced product candidate, ALD-101, is currently in a pivotal Phase 3 clinical trial to evaluate its efficacy in improving umbilical cord blood transplants used to treat inherited metabolic diseases in pediatric patients. The company also is conducting or supporting Phase 1 or Phase 1/2 clinical trials of three other product candidates: ALD 151 to improve umbilical cord blood transplants used in the treatment of leukemia, ALD-301 to treat critical limb ischemia, and ALD-201 to treat ischemic heart failure. Aldagen's product candidates consist of specific populations of adult stem cells that the company isolates using its proprietary technology.

###