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FOR IMMEDIATE RELEASE**ALDAGEN AND UC DAVIS FORM COLLABORATION RELATED TO NEURAL DISEASES**

Durham, NC – November 6, 2008 — Aldagen, a North Carolina biopharmaceutical company developing proprietary regenerative cell therapies, and UC Davis Health System will collaborate to explore the activity of Aldagen’s unique adult stem cell population in a preclinical model of ischemic stroke. Adult stem cells hold promise in the treatment of this condition and other neurological disorders, including Parkinson’s disease, amyotrophic lateral sclerosis, traumatic brain injury and cerebral palsy.

According to the American Stroke Association, nearly 800,000 people a year suffer a new or recurrent stroke. It is the third leading cause of death and the leading cause of disability in adults. This year, Americans will pay about \$65.5 billion for stroke-related medical costs and disability.

Current treatment for an ischemic stroke calls for the immediate use of a clot-busting drug, which must be administered within three hours of the event. Stem cells as therapeutics may represent a novel approach to the treatment of ischemic stroke.

Aldagen’s technology isolates specific populations of adult stem cells that express high levels of aldehyde dehydrogenase (ALDH-bright cells). Preclinical studies conducted by leading research institutions and academic centers have shown that ALDH-bright cells from bone marrow and cord blood may be able to repair neural tissue, which hold promise for the treatment of damaged tissue in the brain from ischemic stroke.

In ischemic stroke, for example, both blood vessels and neural tissue in the brain need to be restored. ALDH-bright cells can induce formation of new vessels in animal models, and can restore functional nerves and ameliorate symptoms in mouse models for inherited lethal human nervous system diseases. Aldagen has two clinical trials currently under way in patients with chronic vascular disease to test the effectiveness of revascularization of blood vessels in the leg and the heart using ALDH-bright cells from a patient’s bone marrow.

Aldagen will be collaborating with Martha O’Donnell, a professor of physiology and membrane biology, and with Jan Nolte, director of the new UC Davis Institute for Regenerative Cures – a facility supported by the California Institute for Regenerative Medicine.

“Aldagen’s technologies for stem cell isolation offer an approach for developing therapies that may be successful in clinical practice,” said Nolte, who recently participated in groundbreaking



ceremonies for UC Davis' \$100 million regenerative cures facility in Sacramento. "The promise and potential of our stem cell work is greatly enhanced by this type of collaborative partnership with private industry."

"It is exciting to see the wide range of stem cell work now taking place at UC Davis," said Ed Field, president and chief operating officer at Aldagen. "They've been able to recruit a team of internationally recognized stem cell experts, which complements the focus we have at Aldagen. We look forward to working with Jan Nolta and Martha O'Donnell to further expand our portfolio in vascular biology and to explore the potential of our stem cell therapies for the treatment of neural disease."

UC Davis could begin participating in clinical trials using adult stem cells by the end of 2009. Nolta says she looks forward to testing Aldagen's stem cell populations and hopes the research will lead to a novel cell therapy for clinical testing.

"We're planning to have some of our key laboratories in the stem cell institute's new building up and running by late next year," said Nolta. "Those facilities will play a key role in enabling us to advance cellular therapies for treatments of numerous life-threatening diseases."

ABOUT UC DAVIS STEM CELL RESEARCH

UC Davis has more than 125 scientists working on a variety of stem cell investigations in both Davis and Sacramento. The California Institute for Regenerative Medicine (CIRM) has awarded more than \$34 million to researchers at UC Davis to develop stem cell cures. The programs are designed to expedite the translation and integration of scientific research into discoveries and treatments that benefit society. The university is currently constructing a 90,000 square foot stem cell research facility on its campus in Sacramento, where researchers will have access to state-of-the-art laboratories and cell manufacturing and testing rooms. Inside the institute will be a state-of-the-art Good Manufacturing Practice facility, which is a state of the art, cleanroom environment that allows researchers to process and isolate specific stem cells. That project, along with the Translational Human Embryonic Stem Cell Shared Research Facility in Davis, help complement the university's Clinical and Translational Science Center, which is supported by the National Institutes of Health (NIH). In 2005, the NIH awarded \$6 million to fund a Center of Excellence in Translational Human Stem Cell Research on the Davis campus. One of only two such centers in the nation, it is focused on exploring stem and progenitor cell therapies for the treatment of childhood diseases.

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.

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