



FOR IMMEDIATE RELEASE

**ACELL, INC. WINS COURT BATTLE
INITIATED BY COOK BIOTECH AND PURDUE**

*Federal Appeals Court Overturns Infringement Verdict Against ACell and Rejects Purdue
Research Foundation's Appeal of Patent Inventorship*

JESSUP, MARYLAND (August 18, 2006) - ACell, Inc., the owner of highly valued extracellular matrix (ECM) patents, today won a resounding legal victory against Cook Biotech, Inc. (Cook) and Purdue Research Foundation (Purdue). The victory frees ACell to broadly promote the development, licensing and commercialization of its remarkable tissue graft biotechnology.

A three judge panel of the Court of Appeals for the Federal Circuit, which specializes in patent cases, unanimously reversed a July 2005 finding of patent infringement, holding instead that ACell's product does not infringe Purdue's patent. The Court of Appeals held that the district court erroneously interpreted the scope of a Purdue ECM patent. The Court of Appeals ruled that, under the proper and limited interpretation of the Purdue patent, ACell's products cannot be infringing. This ruling effectively brings to conclusion the litigation initiated by Cook and Purdue against ACell in June 2003.

"This victory provides a tremendous boost to ACell. It validates the patent position we have maintained since early 2002, and frees us to aggressively engage with various potential partners from the life sciences industry that have been waiting in the wings until this infringement question was resolved," said Jim DeFrancesco, ACell's chief executive officer. "We finally have cleared the path for bringing to market our remarkable regenerative medicine technology which has so much to offer patients suffering from a broad range of serious ailments."

ACell's ECM is a graft material that can be implanted at the site of an injury or damaged tissue in order to stimulate a unique healing response. The graft attracts the body's own progenitor cells (adult stem cells) which have the potential to diversify into site specific tissues. Consequently, instead of the body's default healing mechanism of scar tissue formation, the body heals by remodeling with new tissue almost as if the body had never been injured. ACell already has multiple Food and Drug Administration approvals allowing its ECM to be placed in humans, and the removal of Cook's and Purdue's infringement threat eliminates a major hurdle to the use of ACell's technology for solving a wide range of medical problems in various fields including orthopedics, cardiovascular, urology, gastrointestinal, and wound care.

The Court of Appeals panel also unanimously denied Purdue's appeal of the district court's rulings in favor of ACell and co-defendant Dr. Alan Spievack regarding inventorship of ACell's ECM technology. In its complaint Purdue had claimed that additional inventors with affiliations



to Purdue University should be added as named inventors of ACell's patents. The district court disagreed, and the Court of Appeals affirmed, finding in favor of ACell and Dr. Spievack on the inventorship claims. These court rulings have the important practical effect of confirming that ACell is the owner of the patents on its core ECM technology.

Miles Grody, ACell's senior vice president of operations and general counsel, commented "ACell's patent portfolio is among our most valuable assets, and a key to growing our young company. Consequently, it was critical that we defeat this attempt to capture our proprietary technology. We are delighted that between the District Court and the Court of Appeals, ACell and co-defendants Drs. Spievack and Badylak prevailed on every single count brought against us. With the patent properly construed, none of these counts even merited a trial. A three year legal battle finally is behind us. Now we eagerly look forward to executing on our plans to further develop and commercialize our prized ECM technology."

About ACell, Inc.

ACell, Inc. was incorporated in Delaware in June 1999 for the purpose of developing, manufacturing, and marketing products in the field of regenerative medicine. These tissue engineered products are based on naturally occurring, extracellular matrix (ECM) scaffolds. The Company's proprietary ECM technology changes the fundamental healing response by encouraging the body's own regenerative capabilities to repair tissues and restore them to natural health. ACell's business plan involves building strategic relationships with leading companies in the life sciences field to make valuable ECM products available across a broad range of medical applications.

For further information contact:

Miles Grody

Phone: 301-529-1207

E-mail: milesgrody@acell.com

Web site: www.acell.com