

Advanced BioHealing Raises \$25.5 Million in Series C Financing

Advanced BioHealing and Leading Researchers Release Data from Landmark Wound Care Analysis

Advanced BioHealing Closes Second Tranche of Series C Financing

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La Jolla, CA, February 27, 2007 – Advanced BioHealing, Inc. (ABH) today announced that it has raised \$25.5 million in a Series C round of financing. The round was led by Safeguard Scientifics, Inc. (NYSE: SFE), a provider of capital in growth-stage technology and life sciences businesses. This latest round of financing brings the total amount raised by the company, since its inception in 2003, to approximately \$36 million.

In addition to Safeguard Scientifics, Inc., other investors include Channel Medical Partners and Red Abbey Venture Partners, LP, as well as existing investors Canaan Partners and Wheatley Partners. In conjunction with this financing, Gary J. Kurtzman, M.D., Vice President of Life Sciences at Safeguard and Carol D. Winslow, Founder and Principal of Channel Medical Partners will join the ABH Board of Directors. Pacific Growth Equities, LLC served as financial advisors to ABH.

"I am pleased by the overwhelming interest in ABH and thank our new investors, as well as current shareholders for their on-going support," said Kevin Rakin, Chief Executive Officer of Advanced BioHealing. "ABH has made significant progress during the past year, culminating in the recent market launch of Dermagraft® and the advancement of our next-generation bioengineered product, Celaderm™, into clinical trials. I look forward to working closely with our investor group as we collaborate to build a strong business in regenerative medicine."

Proceeds from the financing will be used to execute the launch and expand the market for Dermagraft, approved by the U.S. Food and Drug Administration (FDA) as a treatment for full-thickness diabetic foot ulcers. Funding will also support the Company's clinical trials program, in-licensing activities and international expansion.

Earlier this month, ABH announced the launch of Dermagraft and is focused on establishing the product in proven markets, as well as opportunities in other geographic regions of the United States, including specialized wound care centers. The Company's next generation bioengineered product, Celaderm, is in a pilot study for venous leg ulcers. If successful, Celaderm will move directly into a trial to determine clinical efficacy.

"Innovative research is paving the way for a transformation in how we treat disease, as well as how we discover and develop drugs," said Gary J. Kurtzman, M.D. "ABH is at the forefront of this cutting-edge technology, having already launched Dermagraft, as well as its first human clinical trial for Celaderm. We believe that ABH has a unique position in this market of next generation bioengineered wound therapy products."

Stephen Bloch, M.D., Chairman of ABH's board and a Canaan Partners' venture partner, remarks, "there is a great business story evolving with ABH. ABH is creating a new generation of regenerative medicine solutions. In a short time, we have been able to build a robust pipeline of high impact clinical products. I have met scores of physicians who are thrilled to again have access to Dermagraft, a unique and highly regarded advanced wound care product."

About Safeguard Scientifics, Inc.

Safeguard Scientifics (NYSE: SFE) builds value in growth-stage technology and life sciences businesses. Safeguard provides growth capital as well as a range of strategic, operational and management resources to its partner companies. Safeguard participates in expansion financings, corporate spin-outs, management buyouts, recapitalizations, industry consolidations and early-stage financings. Safeguard has partnered with and has interests in several other life science companies, including Clariant, Inc. (Nasdaq: CLRT), Laureate Pharma, Inc., Neuronyx, Inc., NuPathe, Inc., Rubicor Medical, Inc., and Ventaira Pharmaceuticals, Inc. For more information, please visit www.safeguard.com.

About Canaan Partners

Canaan Partners is a global venture capital firm specializing in early-stage life sciences and information technology companies. Founded in 1987, Canaan Partners has \$2.4 billion capital under management and has invested in more than 240 companies, completed 63 mergers and acquisitions, and brought over 50 companies public. The firm catalyzes the development of innovative biotechnology, medical devices, diagnostics, therapeutics, CleanTech, digital media and communications, semiconductors and enterprise

software to build next-generation market leaders. Canaan was an early investor in Acme Packet (APKT), Cerexa (acquired by FRX), CombinatoRx (CRXX), CommerceOne (CMRC), DexCom (DXCM), DoubleClick (DCLK), Immunicon (IMMC), Northstar Neuroscience (NSTR) and Peninsula Pharmaceuticals (acquired by JNJ), along with dozens of other market-leading companies. Canaan is headquartered in Menlo Park, California and also has offices in Connecticut, India and Israel. For more information visit: www.canaan.com.

About Channel Medical Partners

Channel Medical Partners is a leading emerging growth investor in medical technology companies. The stage of financing has historically represented a narrow channel or bottleneck for emerging growth companies – the point in their development between the substantial capital provided by earlier stage venture capital investors and that provided by institutions focused primarily on public companies. The firm has a demonstrated record of success in not only providing capital, but in enabling and ensuring the commercial success of its portfolio companies. The Principals at Channel believe that the commercialization process has emerged as a critical activity at venture-backed companies and that their success has, in part, been driven by this trend. For more information, please visit www.chanmed.com.

About Red Abbey Venture Partners

Red Abbey Venture Partners, LP ("Red Abbey") is a life sciences crossover fund based in Baltimore, MD. Red Abbey invests across stages and is diversified by geography, sector, and therapeutic area. Red Abbey has made 19 investments in privately held and publicly traded companies since its inception in July 2004. For more information, please visit www.redabbey.com.

About Wheatley Partners

Wheatley Partners is a New York-based private equity firm focused primarily on technology-related companies. We work closely with entrepreneurs to build successful businesses and typically support our portfolio companies at all stages of development. Wheatley's target sectors include Information Technology, Business Services, Medical Technology, Healthcare and Education. Since our inception in 1992, Wheatley Partners has invested in over 150 private companies, most through multiple rounds of financing. Wheatley's principals have been investing in both public and private companies for over thirty years. For more information, please visit www.wheatleypartners.com.

About Advanced BioHealing, Inc.

Advanced BioHealing is an industry leader in the science of regenerative medicine. The Company is focused on the commercialization of cell-based and tissue-engineered products including two that have FDA approval for marketing: Dermagraft, for diabetic foot ulcers and TransCyte, to treat full and partial thickness burns. The company's development pipeline includes a next-generation bioengineered tissue product which is in clinical trials. ABH is a privately held company with research & development offices in New York, NY and manufacturing operations in La Jolla, CA.

For more information about ABH visit www.AdvancedBioHealing.com

