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FOR IMMEDIATE RELEASE

Advanced BioHealing Announces Purchase of Dermagraft® and TransCyte®

New York, NY, May 31, 2006 – Advanced BioHealing, Inc. (ABH) today announced it has concluded the acquisition of the assets and rights associated with the advanced wound care products Dermagraft® and TransCyte® from Smith & Nephew. Both products have been approved for marketing in the U.S. and other countries. The transaction transfers to ABH the assets and rights relating to these products. Financial terms were not disclosed.

“The addition of these two products provides us not only an immediate, predictable revenue base upon which to grow the company, but also an access point within the marketplace for our next generation products,” said Kevin Rakin, Chief Executive Officer of ABH. “Dermagraft® and TransCyte® complement our proprietary cell culture and tissue engineering technologies which have potential applications in multiple clinical indications. Through this transaction, we are able to avail ourselves of a marketing and manufacturing infrastructure which will benefit our near and longer term product opportunities.”

Advanced BioHealing will immediately begin the process of returning the La Jolla manufacturing facility to operation, as well as establishing necessary commercial capabilities including building a sales force. ABH anticipates the facility to be fully functional by the first quarter of 2007.

Advanced BioHealing was founded in 2003 by Dr. David Eisenbud, now President and Chief Operating Officer, to commercialize an innovative keratinocyte based healing technology that is enabled by ABH’s proprietary cell culture and tissue preservation techniques. The most recent round (Series B) of capital investment was co-led by Canaan Partners, LLP and Wheatley Partners, LLP.

Stephen Bloch, M.D. a principal with Canaan Partners and Chairman of the ABH Board added, “Our investment focus stresses rapid market entry, and we are delighted that this asset purchase will provide Advanced BioHealing

with near-term revenues and the commercial infrastructure necessary for the company's additional products in development.”

DermaGraft®

DermaGraft® is indicated for use in the treatment of full-thickness diabetic foot ulcers. The product was approved for sale in the United States in 2001. It is also approved and marketed in a number of other countries.

DermaGraft® is a cryopreserved human fibroblast-derived dermal substitute. It is supplied frozen in a clear bag containing one piece of approximately 2 x 3 inches for a single-use application.

TransCyte®

TransCyte® is indicated for use as a temporary wound covering for surgically excised full-thickness and deep partial-thickness thermal burn wounds. The product is a human fibroblast-derived temporary skin substitute. The product is supplied in a cassette containing two aseptically processed sheets each approximately 5 x 7.5 inches. TransCyte® was approved for sale in the United States in 1999 and is also approved and marketed in a number of other countries.

About Advanced BioHealing

Advanced BioHealing is a specialty biotechnology company focused on the development and marketing of cell based and tissue engineered products with an initial focus on wound care. The privately held, New York based company, will have two marketed products: DermaGraft® which is indicated for treatment of diabetic foot ulcers and TransCyte® which is indicated for treatment of full- and partial-thickness burns. The company's pipeline also includes a next-generation bioengineered wound therapy for which an Investigational Device Exemption application has been submitted. For more information on Advanced BioHealing visit www.AdvancedBioHealing.com.

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