



FIRST PATIENTS IN BONE MARROW TRANSPLANT TRIAL SHOW EARLIER ENGRAFTMENT

Potential for accelerated Phase 3 program

- **First five bone marrow transplant patients safely implanted**
- **Earlier engraftment seen compared with standard therapy**
- **Potential for accelerated Phase 3 program**
- **Orphan drug designation for "off-the-shelf" product may translate to earlier revenues**

New York, NY; 24 June 2009: Angioblast Systems today announced successful results from the first five patients who underwent bone marrow transplantation with haematopoietic stem and progenitor cells expanded by the patented allogeneic, or "off-the-shelf", Mesenchymal Precursor Cells (MPCs).

The Phase I/II trial in up to 30 patients is being conducted by Angioblast Systems, Inc. at the University of Texas M. D. Anderson Cancer Center, Department of Stem Cell Transplantation and Cellular Therapy. The trial is funded through a grant awarded by the United States National Institutes of Health (NIH).

Successful bone marrow reconstitution and engraftment was achieved in all five patients with haematologic malignancies who received MPC-expanded haematopoietic stem and progenitor cells from cord blood, with no cell-related adverse events. The median time to engraftment was 15 days, approximately two weeks faster than expected without MPC expansion.

The MPC product used in this trial is being developed under a United States Food and Drug Administration (FDA) orphan drug designation recently granted to Angioblast Systems Inc. for expanding haematopoietic stem and progenitor cell numbers in patients with haematologic malignancies.

Executive Director Professor Silviu Itescu said these initial results achieved with the Angioblast allogeneic MPCs were extremely encouraging.

"By significantly reducing the time to engraftment and increasing the overall success rate of an allogeneic bone marrow transplant, this technology has the potential to lower the risk of infections, bleeding, and death in critically ill patients with haematologic malignancies following chemotherapy," he said.

In view of the important nature of the unmet medical need, the Company will seek to obtain US FDA clearance to commence an accelerated Phase 3 program if subsequent patients in the trial continue to show enhanced bone marrow engraftment potential.

"This would represent a significantly shortened timetable to product commercialization," added Professor Itescu.

About Orphan Drug Designation

Orphan drug designation is reserved for therapies which are being developed for conditions affecting up to 200,000 patients annually in the US, and allows for an accelerated review process by the FDA, seven-year market exclusivity in the US upon obtaining marketing authorization, tax benefits, and exemption from user fees.

About Angioblast Systems, Inc.

Angioblast Systems, Inc. is a private New York City based biotechnology company committed to the development of novel treatments for cardiac, vascular, and eye conditions. Angioblast's lead products are based on commercialization of a unique adult stem cell technology capable of regulating blood vessel growth critical for the treatment of ischemic heart disease and macular degeneration/diabetic eye disease. Our focus is to progress through clinical trials and regulatory processes necessary to commercialize the technology in as short a timeframe as possible.

Angioblast has the worldwide assignment of rights for a series of patents and technologies that have been developed over more than 10 years and which relate to the identification, extraction, culture expansion and enablement of adult Mesenchymal Precursor Cells (MPCs). Angioblast's strategy is to maximize shareholder value through both corporate partnerships and the rapid and successful completion of clinical milestones.

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