



Novocell Announces Non-Exclusive Drug Discovery Collaboration with Pfizer

Research to utilize Novocell's stem cell-derived pancreatic progenitor cells

San Diego, CA (December 19, 2008) – Novocell, Inc., a stem cell engineering company, today announced it has entered into a non-exclusive drug discovery collaboration with Pfizer giving Pfizer access to Novocell's proprietary pancreatic progenitor cells derived from human embryonic stem (hES) cells.

Under terms of the agreement, Novocell will receive an upfront payment with additional amounts payable upon the achievement of certain technical milestones, as well as research funding. In addition, Novocell will receive payments relating to the sale by Pfizer of any exclusive therapeutic discovered as a result of the collaboration. The duration of the research collaboration will be 2 years with the option by Pfizer to extend.

"We are very pleased to collaborate with Pfizer, an industry leading pharmaceutical company with a strategic vision about regenerative medicine. This joint opportunity takes advantage of our leading stem cell engineering technologies and Pfizer's expertise in drug discovery, providing for innovative, regenerative therapeutics," said Alan J. Lewis, Ph.D., President and Chief Executive Officer of Novocell.

Novocell scientists were first to demonstrate a ground-breaking differentiation process that successfully engineers hES cells into definitive endoderm cells necessary for pancreas formation. Novocell also demonstrated earlier this year, that hES-derived pancreatic progenitors develop into functioning ductal, acinar and endocrine cells in vivo. These endocrine cells are capable of producing insulin in response to glucose as well as other pancreatic endocrine hormones in vivo.

About Novocell

Novocell, Inc. is a stem cell engineering company with research operations in San Diego, California and Athens, Georgia, dedicated to creating, delivering and commercializing cell and drug therapies for diabetes and other chronic diseases. Novocell has three primary technologies: stem cell engineering, cell encapsulation and

drug discovery. The Company was founded in 1999 and merged with CyThera, Inc. and BresaGen, Inc. in 2004. For more information, please visit www.novocell.com

#

Media Contact:

Julie Rathbun
Rathbun Communications, Inc.
julie@rathbuncomm.com
(206) 769-9219