Aastrom Biosciences Responds to Recent Article Regarding Contamination of Certain Stem Cell Lines

-- Aastrom Stem Cell Product's Progress on Clinical Pathway Not Impacted --

Ann Arbor, Michigan, January 24, 2005 -- Aastrom Biosciences, Inc. (NasdaqSC: ASTM) responded today to the publication in the Sunday online edition of Nature Medicine of findings by California researchers that indicate that certain lines of human embryonic stem cells have been contaminated through the use of mice feeder cells.

The Company has received numerous inquiries regarding these findings and their impact on Aastrom Biosciences.

Aastrom does not use embryonic stem cells, nor does it use mouse-derived feeder cells to support stem cell growth, the two major topics of yesterday's article. This is a critical fact that differentiates our Tissue Repair Cells (TRCs) from other stem cell approaches currently in development. Aastrom utilizes proprietary technology in the production of its TRCs, which are an adult, patient-derived bone marrow stem and progenitor cell mixture. The TRC process generates native stromal feeder cells that support stem cells and so, does not require adding mouse feeder cells to the culture. Also, because the TRC stem cell culture process is short-term (12 days), the cells are less conducive to the changes that can occur with the long-term or repeated passage type cultures that are used for embryonic stem cells.

Furthermore, in our clinical trials completed to date, Aastrom has shown that TRCs are safe and can generate normal tissue in human patients.

We direct individuals to our SEC filings, or our website www.aastrom.com, for further information on our technology and business.

About Tissue Repair Cells

Tissue Repair Cells (TRCs) are Aastrom's proprietary mixture of adult bone marrow stem and progenitor cells produced using patented single-pass perfusion technology in the AastromReplicell® System. The clinical procedure begins with the collection of a small sample of bone marrow from the patient's hip in an outpatient setting. TRCs are then produced in the automated AastromReplicell System over a 12-day period. It has been demonstrated in the laboratory that TRCs are able to develop into different types of tissue lineages in response to inductive signals, including blood, bone, cartilage, adipose and vascular tubules. In previous clinical trials, TRCs have been shown to be safe and reliable in regenerating certain normal healthy bone marrow tissues.

About Aastrom Biosciences, Inc.

Aastrom Biosciences, Inc. (NasdaqSC: ASTM) is a regenerative medicine company developing treatments for the repair of damaged human tissues and other medical disorders, or the generation of normal human tissues, utilizing the Company's proprietary adult stem cell-based products. Aastrom's strategic position in the tissue regeneration and cell therapy sectors is enabled by its proprietary Tissue Repair Cells (TRCs), a mix of bone marrow stem and progenitor cells, and the AastromReplicell® System, an industry-unique automated cell production platform used to produce cells for clinical use. Together TRCs and the AastromReplicell System provide a foundation that the Company is leveraging to produce multiple Prescription Cell Products (PCPs), several of which are now in the clinical stage in the U.S. and EU. TRCs are the core component of the PCPs Aastrom is developing for bone grafting, peripheral vascular disease, jaw bone reconstruction and spine fusion markets. The Company has also developed the AastromReplicell System for dendritic cell production for researchers and institutions developing vaccines to treat cancer and infectious diseases, under its Cell Production Products line.

For more information, visit Aastrom's website at www.aastrom.com.

This document contains forward-looking statements, including without limitation, statements concerning planned clinical trials, product development objectives, potential product applications, and potential advantages of the AastromReplicell® System, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the words "expected," "plans," and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements. Among the factors that may result in differences are potential patient accrual difficulties, clinical trial results, potential product development difficulties, the effects of competitive therapies, regulatory approval

requirements, the availability of financial and other resources and the allocation of resources among different potential uses. These and other significant factors are discussed in greater detail in Aastrom's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission.

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