



Aastrom Biosciences Expands Bone Graft Clinical Trial to Include William Beaumont Hospital in Michigan

-- Enrollment Open for Repair of Severe Leg Fractures Using Company's Proprietary TRCs --

Ann Arbor, Michigan, January 6, 2005 -- Aastrom Biosciences, Inc. (NasdaqSC: ASTM) announced today that it has expanded the U.S. Phase I/II clinical trial of its adult stem cell-based Tissue Repair Cells (TRCs) in the treatment of severe long bone non-union fractures to include the Department of Orthopedic Surgery at William Beaumont Hospital (Beaumont), located in Royal Oak, MI. This is the third site now engaged in this U.S. multi-center trial, which is already underway at Lutheran General Hospital Chicago, IL, and the University of Michigan Health System, Ann Arbor, MI.

The Principal Investigator for the Beaumont site, Gregory Nowinski, M.D., will be joined by Investigators Patrick Wiater, M.D. and Jeffrey Balazsy, M.D. All of the investigators practice in the Detroit-metro area, and are affiliated with the Department of Orthopedic Surgery at Beaumont, under the direction of Department Chair, Harry Herkowitz, M.D. Accrual of patients into the study is expected to begin immediately.

Aastrom's proprietary TRC bone graft product is also being evaluated in long bone fracture clinical trials in Bochum, Germany and Barcelona, Spain. As a result of positive initial results in the Barcelona study, the Company recently announced plans to expand that trial for these severe fracture indications to accrue additional patients. The TRC product is also in a clinical trial in Barcelona for the treatment of sinus lift bone graft procedures, to generate new bone tissue in the maxillary jaw bone.

"Being a part of these clinical trials allows us to continue working towards finding better treatment options for our patients today and in the future," said Dr. Herkowitz of Beaumont.

About William Beaumont Hospital Department of Orthopedic Surgery

Beaumont's Department of Orthopedic Surgery offers leading edge treatments and technology including minimally invasive surgery, implants and trauma surgery. Beaumont is Michigan's most experienced orthopedic hospital specializing in surgeries of the back, neck, foot, ankle, hand and upper extremities, hip and knee replacement, scoliosis treatment, tumor surgery, pediatric orthopedics and sports medicine. Beaumont has been named among the country's top hospitals for orthopedic care by U.S. News & World Report and Solucient.

Beaumont-Royal Oak, is a 1,061-bed tertiary care, teaching, research and referral center with Level I trauma designation. It ranks first in the United States for outpatient surgeries and second for inpatient surgeries.

About Tissue Repair Cells

Tissue Repair Cells (TRCs) are Aastrom's proprietary mixture of 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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