Orthovita and Aastrom Biosciences Announce Collaboration Agreement for Orthopedic Products

Ann Arbor, MI and Malvern, PA, March 20, 2006 -- Aastrom Biosciences, Inc. (Nasdaq: ASTM) and Orthovita, Inc. (Nasdaq: VITA) jointly announced today they have signed an agreement to develop products for the orthopedics market using Orthovita's synthetic ceramic matrices and ceramic-collagen matrices (VITOSS) and Aastrom's proprietary bone marrow-derived cells – Tissue Repair Cells (TRCs). The Companies anticipate that negotiations and planning for the expansion of this collaboration into a longer-term relationship will be finalized during calendar year 2006.

The Companies believe that a broad range of orthopedic indications will benefit from the combination of VITOSS and TRCs to regenerate tissue. Orthovita's VITOSS scaffolds are marketed specifically for the purpose of providing non-load bearing geometric support during new tissue growth. Aastrom's TRCs, a mixture of stem, stromal and progenitor cells produced from the patient's own bone marrow, are being used in Phase I/II clinical trials which are evaluating the regeneration of new bone and blood vessels in patients.

"We are pleased to enter into this alliance with Orthovita because of their valuable knowledge and established expertise in the orthopedic industry," said R. Douglas Armstrong, Ph.D., Chief Executive Officer and Chairman of Aastrom. "Orthovita is a proven leader in the development of implantable materials that are compatible with human cells, and has established strong relationships within the orthopedic community. We believe that this collaboration will greatly strengthen the market opportunities for our TRC products."

"Aastrom is a recognized leader in the development of clinic-ready autologous bone marrow-derived stem cell technology," said Antony Koblish, President and Chief Executive Officer of Orthovita. "Partnering with Aastrom is the next logical step for Orthovita given our extensive work with VITOSS and autologous bone marrow in the clinic. Autologous TRCs and VITOSS are two clinic-ready technologies that potentially represent a major step toward the future for combinations of autologous bone marrow-derived stem cell and biomaterial driven therapies for orthopedic and spine treatments."

The first phase of this collaboration is already underway, with Orthovita's VITOSS scaffolds being used for patient treatment in Aastrom's Phase I/II clinical trial in Barcelona, Spain for severe non-union fractures. As part of the collaboration agreement, the Companies are exploring additional clinical indications that could benefit from the combination of TRCs and VITOSS.

Additional terms of this collaboration were not disclosed.

About Aastrom Biosciences, Inc.

Aastrom Biosciences, Inc. (Nasdaq: ASTM) is developing products for the repair or regeneration of multiple human tissues, based on its proprietary Tissue Repair Cell (TRC) adult stem cell technology. Aastrom's TRC products contain large numbers of stem, stromal and progenitor cells that are produced from a small amount of bone marrow cells originating from the patient. The AastromReplicell® System, an industry-unique automated cell product manufacturing platform, was developed for the production of standardized, patient-specific TRC products. TRC products have been used safely in humans as a substitute for bone marrow stem cells, and are currently in clinical trials for bone grafting (long bone fractures and spine fusion) and blood vessel regeneration (diabetic limb ischemia) applications. The Company has recently reported positive interim clinical trial results for its TRCs demonstrating both the clinical safety and ability of TRCs to induce healthy new tissue growth (long bone fractures and jaw bone reconstruction).
For more information, visit Aastrom's website at www.aastrom.com.

About Orthovita, Inc.

Orthovita is a biomaterials company with proprietary technologies for the development and commercialization of synthetic, biologically active, tissue engineering products for orthopedic and neurosurgical applications. Our products are used in the regeneration of bone and soft tissue. Our near-term commercial business is based on our VITOSS® Bone Graft Substitute technology platforms, which are designed to address the non-structural bone graft market by offering synthetic alternatives to the use of autograft or cadaver-derived bone material to meet a broad range of orthopedic clinical needs in the spine, trauma, joint reconstruction, revision surgery and extremities markets, and VITAGEL™ Surgical Hemostat, which is an adherent matrix and an impermeable barrier to blood flow. Our longer-term U.S. clinical development program is focused on our CORTOSS® Synthetic Cortical Bone technology platform, which is designed for injections in osteoporotic spines to treat vertebral compression fractures. Orthovita works jointly with Kensey Nash Corporation and Angiotech Pharmaceuticals, Inc., to develop and market novel synthetic-based biomaterial products, and continues to pursue similar relationships with other companies in biomaterials.
For more information, please visit the Orthovita's website at www.orthovita.com.

This document contains forward-looking statements, including without limitation, Aastrom and Orthovita statements regarding anticipated progress in their relationship,

product development objectives and market development plans, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the words "planning," "could," "anticipate," "believe," 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 the results obtained from clinical trial activities, regulatory approval requirements, the availability of resources and the ability of Aastrom and Orthovita to successfully develop and commercialize the products contemplated by the new agreement. These and other significant factors are discussed in greater detail in Aastrom's and Orthovita's Annual Reports on Form 10-K and other filings with the Securities and Exchange Commission.

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