Ronnda L. Bartel, Ph.D. Joins Aastrom Biosciences As Vice President Research & Development

Ann Arbor, Michigan, October 16, 2006 – Aastrom Biosciences, Inc. (Nasdaq: ASTM) today announced that Ronnda L. Bartel, Ph.D. has joined the Company as Vice President of Research and Development. Dr. Bartel is responsible for the product development and manufacturing of Aastrom's TRC-based cell products, as well as the Company's discovery and research efforts. Her broad experience and leadership in the biotechnology and pharmaceutical industries, along with experience in the manufacturing and marketing of new cell-based products, strongly support and complement the Company's progress in moving its tissue regeneration products through the commercialization process.

Dr. Bartel is a seasoned scientist with more than 20 years of research and product development experience in the biotech, pharmaceutical, diagnostic and device sectors. During this time she held several management positions including: Senior Principal Scientist, Cell Biology at Advanced Tissue Sciences; Vice President, Scientific Development and Senior Director, Stem Cell Development at Stem Cells, Inc.; Senior Director, Science and Technology at SRS Capital, LLC; and, most recently, Executive Director, Biological Research at MicroIslet, Inc. She has also held positions in clinical development, drug delivery, business development and manufacturing. Dr. Bartel holds a Ph.D. in Biochemistry from the University of Kansas, completed postdoctoral work at the University of Michigan and received a B.A. in Chemistry and Biology from Tabor College.

"We are very pleased to welcome Dr. Bartel to Aastrom as our new Vice President of Research and Development," said George W. Dunbar, President and Chief Executive Officer of Aastrom. "Ronnda's experience in developing cell-based products, as well as establishing and improving manufacturing processes, are essential to our commitment of moving Aastrom's tissue regeneration cell products through the development stage and into the market place. In addition, her clinical, scientific, and management skills will drive our research programs which are necessary to expand our own expertise, and to influence the field of regenerative medicine."

Aastrom also announced that Janet M. Hock, B.D.S, Ph.D., Vice President of Global Research and CSO, has accepted the position as founding Director of the Maine Institute for Human Genetics and Health, a new program in cancer, genetics and regenerative medicine, supported by Eastern Maine Healthcare Systems, in collaboration with Jackson Laboratory and the University of Maine.

Mr. Dunbar concluded, "We appreciate the contributions Dr. Hock has made towards Aastrom's research advancements, and wish her well as she pursues new endeavors in the field of scientific research."

About Aastrom Biosciences, Inc.

Aastrom Biosciences, Inc. (Nasdaq: ASTM) is developing autologous cell products for the repair or regeneration of multiple human tissues, based on its proprietary Tissue Repair Cell (TRC) technology. Aastrom's TRC-based products are a unique cell mixture containing stromal, stem and progenitor cell populations, produced outside the body from a small amount of bone marrow taken from the patient. TRC-based products have been used in over 225 patients, and are currently in clinical trials for bone regeneration (long bone fractures and spine fusion) and vascular regeneration (critical limb ischemia) applications. The Company has reported positive interim clinical trial results for TRCs suggesting both the clinical safety and the ability of TRCs to induce tissue regeneration in long bone fractures and jaw bone reconstruction. Recently, the Company's proprietary TRCs received an Orphan Drug Designation from the U.S. Food and Drug Administration (FDA) for use in the treatment of osteonecrosis of the femoral head. In addition, Aastrom is developing plans for a TRC-based therapy for cardiac regeneration.

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, and potential product applications, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the word "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.