Aastrom Biosciences Appoints Senior Director Medical Affairs

AASTROM BIOSCIENCES APPOINTS SENIOR DIRECTOR MEDICAL AFFAIRS

Ann Arbor, Michigan, July 27, 2006 – Aastrom Biosciences, Inc. (Nasdaq: ASTM) announced today the appointment of Elmar R. Burchardt, M.D., Ph.D., to the new position of Senior Director Medical Affairs. Dr. Burchardt is responsible for directing all of Aastrom's ongoing and planned tissue regeneration clinical programs utilizing the Company's proprietary Tissue Repair Cells (TRCs), including programs for long bone fractures, critical limb ischemia, spine fusion and osteonecrosis. He will also lead the development of new indication programs, such as a clinical trial program for cardiac tissue regeneration.

Dr. Burchardt brings to Aastrom over 13 years of experience in the areas of hematopoietic stem cell transplantation, hematology and cardiology. He joins Aastrom from Miltenyi Biotec GmbH, in Germany, where he served as Medical Director responsible for the worldwide development and market introduction strategy of 10 new clinical cell therapy products, and one of the most extensive cell therapy development programs in cardiac diseases. Prior to that time, he served as Senior Research Group Leader at the Pharmaceutical Research Center of Bayer AG, in Germany. Dr. Burchardt holds M.Sc. and Ph.D. degrees in biochemistry, as well as an M.D. from Hannover Medical School, West Germany, and is an Associate Professor of Clinical Pharmacology at the University of Witten Herdecke, in Germany.

"We are pleased to welcome Elmar Burchardt to Aastrom. Elmar has considerable experience in cell therapy, and his clinical expertise in cardiovascular applications will strongly support the development of our TRC products for multiple indications," said George W. Dunbar, Chief Executive Officer and President of Aastrom. "The planned expansion of our clinical research program demonstrates that Aastrom continues to advance autologous stem cell products from research toward commercialization."

In addition to the appointment of Dr. Burchardt, the Company also noted it is developing plans to evaluate the use of TRCs in cardiovascular therapy. Aastrom plans to work with cardiac surgeons and cardiologists to treat patients suffering from chronic heart conditions, and expects to evaluate its TRC technology in pilot clinical cardiac studies in the European Union, and to develop a Company-sponsored Phase I/II clinical trial for cardiac tissue regeneration in the U.S.

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 therapeutic TRC products contain large numbers of stromal, stem and progenitor cells that are produced from a small amount of bone marrow cells originating from the patient. TRC products have been used in over 225 patients, and are currently in clinical trials for bone grafting (long bone fractures and spine fusion) and blood vessel regeneration (critical 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). 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 at the hip. In addition, Aastrom is developing plans targeting a TRC therapy for cardiac indications.

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