Aastrom Awarded NIH Grant for Study to Enhance Dendritic Cell-Based Cancer Vaccines Utilizing the AastromReplicell

-- Aastrom's Proprietary Technology Provides Method of Cell Production and Antigen Loading Needed to Improve Vaccines --

Ann Arbor, Michigan, September 30, 2004 -- Aastrom Biosciences, Inc. (NasdaqSC: ASTM) today announced that it has received a $109,586 Phase I Small Business Innovation Research (SBIR) grant entitled Dendritic Cell Subset for Enhanced Cancer Vaccine (Grant Number: 1 R43 CA105686-01A1) from the National Institutes of Health (NIH) National Cancer Institute. The eight-month study will determine the efficacy and ability of the Company's proprietary AastromReplicell® System to enhance the immunostimulatory potency of dendritic cell-based cancer vaccines through its patented Single-Pass Perfusion technology. The Principal Investigator in the study is Douglas M. Smith, Ph.D., Immunology Program Leader at Aastrom.

This Phase I SBIR study will utilize the AastromReplicell System for the production, cancer antigen-loading, maturation and harvesting of human dendritic cells (DCs). The primary goal of this study is to enhance the immunostimulatory potency of dendritic cell-based cancer vaccines by removing immunosuppressive DC subsets while enriching highly activating DC subsets. This new capability for selective collection of only activating DC subsets differentiates this grant from previous NIH grants received by the Company for other immunotherapy studies, and may increase the potency of a broad array of DC-based cancer vaccines.

"This NIH grant further supports the unique advantages of the AastromReplicell System that are intended to provide the medical and research communities with the technology needed to advance cell-based immunotherapy of diseases such as cancer," said James A. Cour, President and Chief Operating Officer of Aastrom. "It also supports our long-term business goal of establishing the AastromReplicell System as the key technology foundation for the continuing development of our proprietary cell products."

The results of this Phase I SBIR study, if positive, will be used as the preclinical information needed to pursue a subsequent Phase II SBIR grant that will focus on the clinical evaluation of the new DC product.

About Aastrom's Products

Aastrom produces its proprietary Tissue Repair Cells - adult stem and progenitor cell products for applications including bone grafting, peripheral vascular tissue regeneration, jaw bone reconstruction and spine fusions - in the System. In addition, the Company's Cell Production Products - the System and disposable dendritic cell production kits - may be sold to third party therapeutic cell developers for the production of cell-based cancer vaccines.

About Aastrom Biosciences, Inc.

Aastrom Biosciences, Inc. (NasdaqSC: ASTM) is developing proprietary stem cell-based products for the regenerative repair of damaged human tissues and other medical disorders. 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), the first of which is 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 also markets the AastromReplicell System and disposable dendritic cell production kits to 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 regarding the anticipated results of clinical trials, product development objectives, and potential advantages and applications of the AastromReplicell® System, which involve certain risks and uncertainties. The forward-looking statements are also identified through use of the words "intended," "may," 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 research and

development activities, regulatory approval requirements and the availability of resources. 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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