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Aastrom and ATEK Medical Form Strategic Manufacturing and Development Partnership

Collaboration expected to generate high-paying jobs in Michigan

Ann Arbor, MI and Grand Rapids, MI, October 26, 2010 (8:30am ET) — Aastrom Biosciences, Inc. (NASDAQ: ASTM), a leading developer of expanded autologous cellular therapies for the treatment of severe cardiovascular diseases, and ATEK Medical, a leading medical device manufacturer, today announced the formation of a new strategic partnership in which ATEK Medical will supply key components and technology for use in Aastrom's proprietary cell manufacturing process. This partnership is intended to replace a previous supplier relationship with a more comprehensive arrangement to strengthen Aastrom's long-term manufacturing capabilities. Aastrom plans to initiate its Phase 3 CLI program in 2011 and is also developing its cell therapy for the treatment of dilated cardiomyopathy (DCM).

"Aastrom is a leader in developing new, proprietary cell therapies to treat severe cardiovascular diseases. Their development programs and automated cell manufacturing system all require components that meet the highest standards of cGMP and FDA compliance. Our technology expertise and manufacturing experience for regulated products at ATEK make us an ideal partner to support the technology needs of their advanced development programs," said Dave Mabie, ATEK Medical vice president of business development.

ATEK Medical specializes in product development and launch based on advanced technology applications. Aastrom operates a cGMP facility in Ann Arbor where the company's automated, proprietary cell-manufacturing system is used to produce expanded autologous cellular therapies based on a sample of a patient's bone marrow. The cell therapy produced by this process is then delivered back to the same patient to promote regeneration of damaged tissues.

"ATEK has an outstanding track record in leveraging its technology expertise to produce high-quality components and medical devices and to improve and upgrade procedures used in the manufacture and processing of novel therapies," said Tim Mayleben, president and CEO of Aastrom. "We expect that this collaboration will be a critical advantage for Aastrom

as we move our cardiovascular programs into the final stages of clinical development. We are also very pleased to be joining with another Michigan-based company in this collaboration. We believe that this partnership will result in the creation of high-paying jobs in Michigan.”

About Aastrom Biosciences

Aastrom Biosciences is developing expanded autologous cellular therapies for the treatment of severe cardiovascular diseases. The company’s proprietary cell manufacturing technology enables the production of cellular therapies expanded from a patient’s own bone marrow and delivered directly to damaged tissues. Aastrom has advanced its cell therapies into late-stage clinical development, including a planned Phase 3 clinical program for the treatment of patients with critical limb ischemia and two ongoing Phase 2 clinical trials in patients with dilated cardiomyopathy. For more information, please visit Aastrom’s website at www.aastrom.com.

About ATEK Medical

ATEK Medical is a private, woman-owned contract manufacturer of disposable, implantable, and electromechanical medical devices. The company specializes in product life-cycle management and full-service manufacturing and has launched more than 400 unique products. Clinical focus areas include cardiovascular, gynecologic, orthopedic, spinal, wound management and emerging technologies. ATEK Medical is ISO 13485:2003 certified, FDA registered, and certified by the Women's Business Enterprise National Council. The company maintains headquarters in Minneapolis, Minnesota, and a main facility in Grand Rapids, Michigan.

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This document contains forward-looking statements, including without limitation, statements concerning the partnership and supply agreement with Atek Medical, employment opportunities, clinical trial plans and progress, objectives and expectations, clinical activity timing, intended product development, disease treatment and progression, operating results, spending activities, patient symptoms and responses to treatment, treatment options and expected timing of collecting and analyzing treatment data, all of which involve certain risks and uncertainties. These statements are often, but are not always, made through the use of words or phrases such as “anticipates,” “intends,” “estimates,” “plans,” “expects,” “we believe,” “we intend,” and similar words or phrases, or future or conditional verbs such as “will,” “would,” “should,” “potential,” “could,” “may,” or similar expressions. Actual results may differ significantly from the expectations contained in the forward-looking statements. Among the factors that may result in differences are the inherent uncertainties associated with clinical trial and product development activities, regulatory approval requirements, competitive developments, and the availability of 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, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. These forward looking statements reflect management’s current views and

Aastrom does not undertake to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of this release except as required by law.