



March 13, 2014

Aastrom Biosciences Reports Fourth-Quarter and Year-End 2013 Financial Results

Conference Call March 13, 2014 at 4:30 PM Eastern Time

ANN ARBOR, Mich., March 13, 2014 (GLOBE NEWSWIRE) -- Aastrom Biosciences, Inc. (Nasdaq:ASTM), the leading developer of patient-specific, expanded multicellular therapies for the treatment of severe, chronic cardiovascular diseases, today reported financial results for the fourth quarter and year ended December 31, 2013.

Aastrom reported a net loss for the quarter and year ended December 31, 2013 of \$2.9 million, or \$0.65 per share, and \$15.6 million, or \$6.95 per share, respectively, compared to \$6.7 million, or \$3.60 per share, and \$29.5 million, or \$16.25 per share, for the same periods a year ago. The substantial decrease in net loss from the prior year is primarily due to decreases in research and development and general and administrative expenses and the non-cash change in the fair value of warrants.

Research and development expenses for the quarter and year ended December 31, 2013 were \$3.3 million and \$15.1 million, respectively, versus \$6.0 million and \$26.0 million for the same periods a year ago. The decrease in expenses is due to a reduction in clinical trial expenses, the execution of a corporate restructuring that substantially reduced headcount and operating expenses, and the reversal of non-cash stock compensation expenses due to the forfeiture of stock options.

General and administrative expenses for the quarter and year ended December 31, 2013 were \$1.6 million and \$5.9 million, respectively, compared to \$1.6 million and \$7.8 million for the same periods a year ago. The decrease in expenses for the year is due to the reduction of operating expenses resulting from the corporate restructuring and the reversal of non-cash stock compensation expenses related to the forfeiture of stock options.

Other income for the quarter and year ended December 31, 2013 was \$2.0 million and \$5.3 million, respectively, compared to \$1.0 million and \$4.3 million for the same periods a year ago. The increase in other income is due primarily to the non-cash change in the fair value of warrants due to the decline in Aastrom's stock price, the reduction in the number of December 2010 and August 2013 warrants outstanding and the reduction in the time to maturity for the warrants.

As of December 31, 2013, the company had \$8.1 million in cash and cash equivalents, compared to \$13.6 million in cash and cash equivalents as of December 31, 2012, and approximately \$10.8 million in cash and cash equivalents as of February 28, 2014. For the quarter and year ended December 31, 2013, cash used for operations was \$4.3 million and \$19.9 million, respectively.

Recent Business Highlights

During and since the fourth quarter of 2013, the company has:

- regained compliance with NASDAQ listing requirements;
- entered into a \$15 million equity commitment with Lincoln Park Capital;
- received a key composition-of-matter patent from the Australian Patent Office that provides protection for our lead product, ixmyelocel-T, through 2027;
- published results from two separate preclinical research studies of ixmyelocel-T in the peer-reviewed journal *Stem Cell Research & Therapy*;
- continued site activation and enrollment of patients in the Phase 2b ixCELL-DCM clinical study of ixmyelocel-T for the treatment of advanced heart failure due to ischemic dilated cardiomyopathy (DCM);
- continued progress towards planned completion of the REVIVE-CLI clinical study of ixmyelocel-T for the treatment of critical limb ischemia; and
- continued to support clinical evaluation of ixmyelocel-T at the University of Michigan for patients with craniofacial defects undergoing reconstructive surgery.

"With the completion of a number of operational and financial initiatives in 2013, we are well-positioned to continue to build on our momentum in advancing our ongoing ixmyelocel-T clinical programs, exploring new indications for ixmyelocel-T and pursuing promising new business opportunities in 2014," said Nick Colangelo, president and chief executive officer of Aastrom.

"We are poised to achieve a number of important milestones this year that have the potential to create significant value for shareholders going forward."

Conference Call Information

Aastrom's management will host a conference call to discuss these results on Thursday, March 13, 2014 at 4:30 p.m. Eastern time. Interested parties should call toll-free (877) 312-5881, or from outside the U.S. (253) 237-1173 and use conference ID 5780779. The call will be available live in the Investors section of Aastrom's website at <http://investors.aastrom.com/investors.cfm>. A replay of the call will be available until March 17, 2014 by calling (855) 859-2056, or from outside the U.S. at (404) 537-3406 and using conference ID 5780779. The webcast will also be available after the live event at <http://investors.aastrom.com/events.cfm> until March 17, 2014.

About Aastrom Biosciences

Aastrom Biosciences is the leader in developing patient-specific, expanded multicellular therapies for use in the treatment of patients with severe, chronic cardiovascular diseases. The company's proprietary cell-processing technology enables the manufacture of ixmyelocel-T, a patient-specific multicellular therapy expanded from a patient's own bone marrow and delivered directly to damaged tissues. Aastrom has advanced ixmyelocel-T into late-stage clinical development, including a Phase 2b clinical trial in patients with ischemic dilated cardiomyopathy. For more information, please visit Aastrom's website at www.aastrom.com.

The Aastrom Biosciences, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3663>

This document contains forward-looking statements, including, without limitation, statements concerning future purchases pursuant to the purchase agreement with Lincoln Park, clinical trial plans and progress, objectives and expectations, clinical activity timing, intended product development, 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 the closing of the offering described herein, Aastrom's intended use of proceeds in connection with the offering, 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.

AASTROM BIOSCIENCES, INC.

(in thousands, except per share amounts)

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	December 31, 2012	December 31, 2013
ASSETS		
Cash	\$ 13,638	\$ 8,059
Other current assets	352	417
Property and equipment, net	1,188	739
Total assets	<u>\$ 15,178</u>	<u>\$ 9,215</u>
LIABILITIES CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY (DEFICIT)		
Warrant liabilities	\$ 1,995	\$ 2,019
Other current liabilities	3,664	3,302
Long-term debt	6	--
Series B-1 non-voting convertible preferred stock	3,923	--
Series B-2 voting convertible preferred stock	37,690	--
Shareholders' equity (deficit)	<u>(32,100)</u>	<u>3,894</u>

Total liabilities, convertible preferred stock and shareholders' equity (deficit)

\$ 15,178 \$ 9,215

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2012	2013	2012	2013
REVENUES	<u>\$ 19</u>	<u>\$ 8</u>	<u>\$ 21</u>	<u>\$ 19</u>
COSTS AND EXPENSES				
Cost of product sales and rentals	4	1	6	4
Research and development	6,013	3,315	26,025	15,104
Selling, general and administrative	<u>1,619</u>	<u>1,616</u>	<u>7,750</u>	<u>5,875</u>
Total costs and expenses	<u>7,636</u>	<u>4,932</u>	<u>33,781</u>	<u>20,983</u>
LOSS FROM OPERATIONS	<u>(7,617)</u>	<u>(4,924)</u>	<u>(33,760)</u>	<u>(20,964)</u>
OTHER INCOME				
Decrease in fair value of warrants	959	2,006	4,248	5,337
Other income, net	<u>8</u>	<u>2</u>	<u>38</u>	<u>5</u>
Total other income	<u>967</u>	<u>2,008</u>	<u>4,286</u>	<u>5,342</u>
NET LOSS	<u>\$ (6,650)</u>	<u>\$ (2,916)</u>	<u>\$ (29,474)</u>	<u>\$ (15,622)</u>
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (Basic and Diluted)	<u>\$ (3.60)</u>	<u>\$ (0.97)</u>	<u>\$ (16.25)</u>	<u>\$ (6.95)</u>
Weighted average number of common shares outstanding (Basic and Diluted)	<u>2,189</u>	<u>4,469</u>	<u>2,060</u>	<u>3,016</u>

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