Aastrom Biosciences Reports Fourth Quarter and Year-End 2011 Financial Results

Conference Call Today at 4:30 PM Eastern Time

ANN ARBOR, Mich., March 12, 2012 (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, 2011.

Aastrom reported a net loss of $2.8 million, or $0.07 per share, for the fourth quarter and $19.7 million, or $0.51 per share, for the year ended December 31, 2011 compared to a net loss of $13.2 million, or $0.44 per share, and $25.5 million, or $0.90 per share, for the same periods in 2010.

Research and development expenses for the quarter and year ended December 31, 2011 were $5.9 million and $21.3 million, respectively, versus $4.4 million and $15.1 million for the same periods in 2010. The increase in R&D expenses for both periods was primarily attributable to an increase in headcount and consulting costs as we prepared for the Phase 3 REVIVE clinical program for ixmyelocel-T, as well as an increase in non-cash stock-based compensation expenses.

General and administrative expenses for the quarter and year ended December 31, 2011 were $1.9 million and $7.7 million, respectively, compared to $1.6 million and $6.2 million for the same periods in 2010. The increase in general and administrative expenses was primarily due to an increase in non-cash stock-based compensation expense.

Other income (expense) for the quarter and year ended December 31, 2011 was $5.0 million and $9.4 million, respectively, compared to $(7.4) million and $(4.5) million for the same periods a year ago. The fluctuations are due to non-cash changes in the fair value of the company's outstanding warrants, primarily driven by the change in the fair market value of the company's common stock in these periods.

As of December 31, 2011, the company had a total of $5.5 million in cash and cash equivalents, compared to $31.2 million in cash and cash equivalents at December 31, 2010. In addition, the company recently announced a $40 million private placement, with net proceeds to Aastrom, after placement fees and other offering expenses, of $37.8 million.

Recent Business Highlights

During and since the fourth quarter of 2011, the company has:

- Completed the largest financing in Aastrom's history through a $40 million private placement;
- Initiated patient enrollment in the Phase 3 REVIVE-CLI clinical study of ixmyelocel-T in patients with critical limb ischemia;
- Reported and presented positive 12-month results from the Phase 2b RESTORE-CLI clinical study at the American Heart Association Scientific Sessions; and
- Received a notice of issuance of a key composition-of-matter patent from the European Patent Office for ixmyelocel-T.

Tim Mayleben, president and chief executive officer of Aastrom, stated: "This has been a transformational period for Aastrom. We have completed the Phase 2b RESTORE-CLI clinical study, published and presented our work at peer-reviewed meetings, including the American Heart Association Scientific Sessions, created a Phase 3 steering committee for our pivotal CLI clinical trial, obtained FDA approval of a Special Protocol Assessment and fast-track status for our Phase 3 CLI program, launched the Phase 3 REVIVE-CLI study and completed a $40 million financing. As a result of this productivity and success, we now have the momentum and financial resources to advance our clinical programs in critical limb ischemia and dilated cardiomyopathy and pursue productive discussions with a number of potential partners this year."

Conference Call Information

Aastrom's management will host a conference call to discuss these results at 4:30 p.m. Eastern time today. Interested parties should call toll-free (877) 312-5881, or from outside the U.S. (253) 237-1173 and use conference ID 48237558. 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 16, 2012 by calling (855) 859-2056, or from outside the U.S. at (404) 537-3406 and using conference

ID 48237558. A podcast will also be available after the live event at http://investors.aastrom.com/events.cfm.

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 3 clinical program to study patients with critical limb ischemia and a planned Phase 2b clinical trial in patients with ischemic dilated cardiomyopathy. For more information, please visit Aastrom's website at www.aastrom.com . For more information on the pivotal REVIVE Phase 3 clinical trial, please visit the trial website at www.revivecli.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 clinical trial plans and progress, objectives and expectations, clinical activity timing, intended product development, the performance and contribution of certain individuals 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 or Transition Report on Form 10-K or 10-K/T, 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,	
	2010	**2011**
ASSETS		
Cash and cash equivalents	$ 31,248	$ 5,530
Other current assets	451	645
Property and equipment, net	1,128	1,564
Total assets	$ 32,827	$ 7,739
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Warrant liabilities	$ 25,954	$ 16,625
Other current liabilities	3,910	4,045
Long-term debt	41	40
Shareholders' equity (deficit)	2,922	(12,971)
Total liabilities and shareholders' equity (deficit)	$ 32,827	$ 7,739

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2010	**2011**	**2010**	**2011**

REVENUES .	$ 253	$ --	$ 253	$ 18
COSTS AND EXPENSES				
Cost of product sales and rentals .	2	--	2	4
Research and development .	4,442	5,904	15,073	21,330
Selling, general and administrative .	1,579	1,930	6,204	7,724
Total costs and expenses	6,023	7,834	21,279	29,058
LOSS FROM OPERATIONS	(5,770)	(7,834)	(21,026)	(29,040)
OTHER INCOME (EXPENSE)				
(Increase) decrease in fair value of warrants	(7,401)	5,042	(4,593)	9,329
Other income, net .	15	3	85	43
Total other income (expense) .	(7,386)	5,045	(4,508)	9,372
NET LOSS	$ (13,156)	$ (2,789)	$ (25,534)	$ (19,668)
NET LOSS PER SHARE (Basic and Diluted)	$ (0.44)	$ (0.07)	$ (0.90)	$ (0.51)
Weighted average number of common shares outstanding (Basic and Diluted)	30,117	38,635	28,350	38,627

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