



May 10, 2012

Aastrom Biosciences Reports First Quarter 2012 Financial Results

Conference Call Today at 4:30 PM Eastern Time

ANN ARBOR, Mich., May 10, 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 first quarter ended March 31, 2012.

Aastrom reported a net loss attributable to common shareholders of \$9.7 million, or \$0.25 per share, for the first quarter ended March 31, 2012, compared to a net loss attributable to common shareholders of \$5.0 million, or \$0.13 per share, for the first quarter of 2011. The increase in net loss compared to the first quarter of 2011 is primarily due to non-cash changes in the fair value of the company's outstanding warrants and an increase in research and development expenses.

Research and development expenses for the quarter ended March 31, 2012 were \$6.8 million, versus \$4.4 million for the same period in 2011. The increase in research and development expenses was primarily attributable to advanced preparations for the Phase 3 REVIVE-CLI clinical program for ixmyelocel-T as well as an increase in non-cash stock-based compensation expense.

General and administrative expenses for the quarter ended March 31, 2012 were down slightly at \$1.8 million compared to \$1.9 million for the same period in 2011.

Other income (expense) for the quarter ended March 31, 2012 was \$(0.9) million, compared to \$1.3 million for the same period a year ago. The fluctuation is due to non-cash changes in the fair value of the company's outstanding warrants, driven by the change in the fair-market value of the company's common stock during each period.

As of March 31, 2012, the company had a total of \$36.7 million in cash and cash equivalents, compared to \$5.5 million in cash and cash equivalents at December 31, 2011. The increase reflects the net proceeds of \$37.7 million from the March 9, 2012 private-placement financing with Eastern Capital Limited, offset partially by \$6.6 million of cash used for operations in the first quarter of 2012.

Recent Business Highlights

During and since the first quarter of 2012, the company has:

- Completed the largest financing in Aastrom's history through a \$40 million private placement with Eastern Capital Limited. The investment was made on very good terms with a five-year commitment, no warrants and was priced at a premium;
- Initiated patient enrollment in the Phase 3 REVIVE-CLI clinical study of ixmyelocel-T in patients with critical limb ischemia;
- Published positive 12-month results from the Phase 2b RESTORE-CLI clinical study in a peer-reviewed article in the journal *Molecular Therapy*;
- Presented new findings on the potential cardiovascular benefits of ixmyelocel-T at the Keystone Symposia on Atherosclerosis. These findings suggest certain cells contained in ixmyelocel-T may help treat atherosclerosis;
- Appointed Dr. LaVonne Lang as head of regulatory affairs; and
- Obtained shareholder approval on several important proxy proposals at the company's annual meeting, including re-election of directors, amendment of the company's equity incentive plan and authorization to issue shares in conjunction with the recent investment by Eastern Capital Limited.

Tim Mayleben, president and chief executive officer of Aastrom, stated: "We are continuing to advance ixmyelocel-T as a potential treatment for critical limb ischemia and dilated cardiomyopathy, as evidenced by the launch of the Phase 3 REVIVE-CLI study, our preparation for a new Phase 2b trial in DCM and recent presentation and publication of our clinical findings in a variety of important peer-reviewed venues. As a result of these activities and our recent successful financing, we are now in a much stronger position to expedite these important clinical programs and move ixmyelocel-T closer to commercialization."

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 67798610. 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 May 14, 2012 by calling (855) 859-2056, or from outside the U.S. at (404) 537-3406 and using conference ID 67798610. The webcast will also be available after the live event at <http://investors.aastrom.com/events.cfm> until May 10, 2013.

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, March 31,	
	2011	2012
ASSETS		
Cash and cash equivalents	\$ 5,530	\$ 36,733
Other current assets	645	464
Property and equipment, net	<u>1,564</u>	<u>1,467</u>
Total assets	<u>\$ 7,739</u>	<u>\$ 38,664</u>
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND SHAREHOLDERS' DEFICIT		
Warrant liabilities	\$ 16,625	\$ 17,525
Other current liabilities	4,045	4,822
Long-term debt	40	29
Series B convertible preferred stock	--	38,012
Shareholders' deficit	<u>(12,971)</u>	<u>(21,724)</u>
Total liabilities, convertible preferred stock and shareholders' deficit	<u>\$ 7,739</u>	<u>\$ 38,664</u>

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended March 31,	
	<u>2011</u>	<u>2012</u>
REVENUES .	<u>\$ 9</u>	<u>\$ 2</u>
COSTS AND EXPENSES		
Cost of product sales and rentals .	2	2
Research and development .	4,372	6,796
Selling, general and administrative .	<u>1,895</u>	<u>1,762</u>
Total costs and expenses	<u>6,269</u>	<u>8,560</u>
LOSS FROM OPERATIONS	<u>(6,260)</u>	<u>(8,558)</u>
OTHER INCOME (EXPENSE)		
(Increase) decrease in fair value of warrants	1,254	(900)
Other income, net .	<u>18</u>	<u>3</u>
Total other income (expense) .	<u>1,272</u>	<u>(897)</u>
NET LOSS	(4,988)	(9,455)
ACCRETION OF CONVERTIBLE PREFERRED STOCK	<u>--</u>	<u>289</u>
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (4,988)</u>	<u>\$ (9,744)</u>
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (Basic and Diluted)	<u>\$ (0.13)</u>	<u>\$ (0.25)</u>
Weighted average number of common shares outstanding (Basic and Diluted)	<u>38,617</u>	<u>38,742</u>

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