



May 15, 2014

Aastrom Biosciences Reports First-Quarter 2014 Financial Results

Conference Call May 15, 2014 at 4:30 PM Eastern Time

ANN ARBOR, Mich., May 15, 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 quarter ended March 31, 2014.

Aastrom reported a net loss for the quarter ended March 31, 2014 of \$6.0 million, or \$1.26 per share, compared to \$5.5 million, or \$3.00 per share, for the same period a year ago. The change in net loss from the prior year is due primarily to the non-cash change in the fair value of warrants and decreases in both research and development and selling, general and administrative expenses.

Research and development expenses for the quarter ended March 31, 2014 were \$3.3 million versus \$5.5 million for the same period a year ago. The decrease in expenses is due primarily to a reduction in clinical trial expenses and the execution of a corporate restructuring that substantially reduced headcount and operating expenses.

General and administrative expenses for the quarter ended March 31, 2014 were \$1.4 million compared to \$1.6 million for the same period a year ago. The decrease in expenses is due primarily to the reduction of operating expenses resulting from the corporate restructuring.

Other income (expense) for the quarter ended March 31, 2014 was (\$1.4) million compared to \$1.6 million for the same period a year ago. The decrease in other income is due primarily to the non-cash change in the fair value of warrants due to the increase in Aastrom's stock price, the issuance of the August 2013 warrants, the adjustment to the fair value due to the exercise of warrants in March 2014, and the reduction in the time to maturity for the warrants.

As of March 31, 2014, the company had \$8.8 million in cash and cash equivalents, compared to \$8.1 million in cash and cash equivalents at December 31, 2013, and approximately \$8.7 million in cash and cash equivalents as of April 30, 2014. For the quarter ended March 31, 2014, cash used for operations was \$4.7 million.

Recent Business Highlights

During and since the first quarter of 2014, the company has:

- entered into a definitive agreement to acquire Sanofi's Cell Therapy and Regenerative Medicine (CTRM) business;
- entered into a \$15 million equity commitment with Lincoln Park Capital;
- continued site activation and enrollment of patients in the Phase 2b ixCELL-DCM clinical trial of ixmyelocel-T for the treatment of advanced heart failure due to ischemic dilated cardiomyopathy (DCM);
- announced that the independent Data and Safety Monitoring Board (DSMB) for the ixCELL-DCM clinical trial recommended continuing the study without modification following an interim review of unblinded safety data from the trial;
- conducted preliminary analysis of data from patients in the REVIVE CLI study, which showed positive trends in amputation-free survival and wound closure, consistent with previous results; the company plans to maintain its current clinical development strategy for ixmyelocel-T; and
- announced the appointment of Dr. Ross Tubo as chief scientific officer and Dr. David Recker as chief medical officer of Aastrom.

"The acquisition of Sanofi's CTRM business represents a unique opportunity to strengthen our leadership position in the field of regenerative medicine and accelerate our forward integration as we develop ixmyelocel-T for the treatment of advanced heart failure due to ischemic DCM and other severe conditions," said Nick Colangelo, president and chief executive officer of Aastrom. "With this acquisition and the recent actions we have taken to strengthen our company, we are well-positioned to realize our clinical and commercial goals. We look forward to building on Sanofi's record of success in the autologous cell therapy field as we unite our operations to maximize the potential of our combined commercial and pipeline products to drive growth in the years ahead."

Conference Call Information

Aastrom's management will host a conference call to discuss these results on Thursday, May 15, 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 44774762. 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 19, 2014 by calling (855) 859-2056, or from outside the U.S. at (404) 537-3406 and using conference ID 44774762. The webcast will also be available after the live event at <http://investors.aastrom.com/events.cfm> until May 15, 2015.

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 advanced heart failure due to 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 clinical trial plans and progress, objectives and expectations, clinical activity timing, intended product development, anticipated milestones, potential advantages of our product candidates and the timing and ability of Aastrom to close the acquisition of Sanofi's Cell Therapy and Regenerative Medicine business pursuant to Aastrom's Asset Purchase Agreement with Sanofi, 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 acquisition of Sanofi's Cell Therapy and Regenerative Medicine business, 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 for the year ended December 31, 2013, filed with the Securities and Exchange Commission ("SEC") on March 13, 2014, Quarterly Reports on Form 10-Q and other filings with the SEC. 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, 2013	March 31, 2014
ASSETS		
Cash	\$8,059	\$8,836
Other current assets	417	400
Property and equipment, net	739	642
Total assets	<u>\$9,215</u>	<u>\$9,878</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Warrant liabilities	\$2,019	\$3,226
Other current liabilities	3,296	2,881
Current portion of long-term debt	6	2
Shareholders' equity	<u>3,894</u>	<u>3,769</u>

Total liabilities and shareholders' equity \$9,215 \$9,878

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended	
	March 31,	
	2013	2014
REVENUES	<u>\$ 8</u>	<u>\$ --</u>
COSTS AND EXPENSES		
Cost of product sales and rentals	2	--
Research and development	5,538	3,271
Selling, general and administrative	1,633	1,374
	<u>7,173</u>	<u>4,645</u>
LOSS FROM OPERATIONS	<u>(7,165)</u>	<u>(4,645)</u>
OTHER INCOME (EXPENSE)		
(Increase) decrease in fair value of warrants	1,619	(1,352)
Other income, net	<u>2</u>	<u>2</u>
Total other income (expense)	<u>1,621</u>	<u>(1,350)</u>
NET LOSS	<u>\$ (5,544)</u>	<u>\$ (5,995)</u>
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS (Basic and Diluted)	<u>\$ (3.00)</u>	<u>\$ (1.26)</u>
Weighted average number of common shares outstanding (Basic and Diluted)	<u>2,243</u>	<u>5,868</u>

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