

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 16, 2011

**Aastrom Biosciences, Inc.**

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction  
of incorporation)

000-22025

(Commission  
File Number)

94-3096597

(I.R.S. Employer  
Identification No.)

24 Frank Lloyd Wright Drive, P.O. Box  
376, Ann Arbor, Michigan

(Address of principal executive  
offices)

48106

(Zip Code)

Registrant's telephone number, including area code: (734) 418-4400

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition**

On May 16, 2011, the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

Exhibit 99.1 Press release, dated May 16, 2011.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 16, 2011

Aastrom Biosciences, Inc.

By: /s/ Timothy Mayleben

Name: Timothy Mayleben

Title: Chief Executive Officer and President



Aastrom Biosciences  
Domino's Farms, Lobby K  
24 Frank Lloyd Wright Drive  
Ann Arbor, MI 48105  
T 734 418-4400 F 734 665-0485  
www.aastrom.com

**FOR IMMEDIATE RELEASE**

**Aastrom Biosciences Reports First Quarter 2011 Financial  
Results and Corporate Developments**

**Conference Call Today at 4:30 PM ET**

**ANN ARBOR, Mich., May 16, 2011** — Aastrom Biosciences, Inc. (Nasdaq:ASTM), a leading developer of patient-specific, expanded multi-cellular therapies for the treatment of severe, chronic cardiovascular diseases, today reported financial results for the first quarter ended March 31, 2011, and provided an update on corporate developments.

“Over the past several months, Aastrom has increased exposure to US and European investors and analysts, supported late stage clinical development with a fully validated manufacturing partner, and bolstered our intellectual property estate for a proprietary cellular therapy product derived from our technology,” stated Timothy Mayleben, president and CEO of Aastrom Biosciences.

**Anticipated Corporate Developments in 2011**

- Report final top-line results from the Phase 2b RESTORE-CLI clinical trial in patients with critical limb ischemia (CLI). This will be the final 12-month follow-up report on all patients who participated in this study, which the company plans to submit for presentation at a major medical conference later this year. This report is expected by the end of the second quarter.
- Finalize a special protocol assessment (SPA) application to begin the first of two proposed Phase 3 clinical studies of ixmyelocel-T in patients with CLI. The SPA is expected to be completed and submitted to the FDA in the second quarter.
- Report and present the final 12-month results from the Phase 2 dilated cardiomyopathy (DCM) surgical study in the third quarter.
- Announce 6-month results from the Phase 2 DCM catheter study in the third quarter.

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## **First Quarter 2011 Financial Results**

As of March 31, 2011, the company had \$24.6 million in cash and cash equivalents, compared to \$31.2 million in cash and cash equivalents at December 31, 2010.

Research and development expenses for the quarter were \$4.4 million versus \$2.9 million for the same period a year ago. The increase in R&D expenses was primarily attributable to advanced preparation related to the Phase 3 clinical program for ixmyelocel-T, including increased employee costs, clinical site identification and set-up, as well as regulatory expenses.

General and administrative expenses for the quarter were \$1.9 million compared to \$1.4 million for the same period a year ago. The increase in G&A expenses is primarily due to expenses associated with the previously announced restatement of the company's historical financial results, as well as consulting and employee-related expenses.

Aastrom had other income of \$1.3 million compared to \$1.6 million for the same period a year ago. The majority of this income for both quarters relates to non-cash changes in the fair value of our outstanding warrants. The change in the fair value of the warrants was primarily due to fluctuations in the market value of Aastrom's common stock during these periods.

Net loss for the quarter ended March 31, 2011, was \$5.0 million, or \$0.13 per share, compared to a net loss of \$2.7 million, or \$0.10 per share, for the same period a year ago.

At March 31, 2011, Aastrom had 38.6 million shares outstanding.

## **Aastrom Conference Call Information**

Aastrom's management will host a conference call to discuss these results at 4:30 p.m. (ET) today. Interested parties should call toll-free (877) 312-5881, or from outside the U.S. (253) 237-1173 and use conference ID 64380457. The call will be available live in the Investors section of Aastrom's website at <http://www.aastrom.com/investor.cfm>. A replay of the call will be available by calling (800) 642-1687, or from outside the U.S. at (706) 645-9291 and using conference ID 64380457.

## **About Aastrom Biosciences**

Aastrom Biosciences is developing patient-specific, expanded multi-cellular therapies for use in the treatment of severe, chronic cardiovascular diseases. The company's proprietary cell-processing technology enables the manufacture of ixmyelocel-T, mixed-cell therapies 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

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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](http://www.aastrom.com).

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

**Media contact**

Bill Berry  
Berry & Company  
+1 (212) 253-8881  
[bberry@berrypr.com](mailto:bberry@berrypr.com)

**Investor contact**

Danielle Spangler  
The Trout Group  
[dspangler@troutgroup.com](mailto:dspangler@troutgroup.com)  
+1 (646) 378-2924

*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 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.*

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**AASTROM BIOSCIENCES, INC.**  
(in thousands, except per share amounts)

**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**

|   | <u>December 31,</u><br><u>2010</u> | <u>March 31,</u><br><u>2011</u> |
|---|------------------------------------|---------------------------------|
| <b>ASSETS</b>   |                                    |                                 |
| Cash and cash equivalents                                   | \$ 31,248                          | \$ 24,621                       |
| Other current assets  | 451                                | 457                             |
| Property and equipment, net                                 | 1,128                              | 1,153                           |
| <b>Total assets</b>   | <u>\$ 32,827</u>                   | <u>\$ 26,231</u>                |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>       |                                    |                                 |
| Warrant liabilities   | \$ 25,954                          | \$ 24,700                       |
| Other current liabilities                                   | 3,910                              | 2,934                           |
| Long-term debt  | 41                                 | 43                              |
| Shareholders' equity (deficit)                              | 2,922                              | (1,446)                         |
| <b>Total liabilities and shareholders' equity (deficit)</b> | <u>\$ 32,827</u>                   | <u>\$ 26,231</u>                |

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

|  | <u>Quarter Ended March 31,</u> |                   |
|--|--------------------------------|-------------------|
|  | <u>2010</u>                    | <u>2011</u>       |
| <b>REVENUES</b>  |                                |                   |
|  | \$ —                           | \$ 9              |
| <b>COSTS AND EXPENSES</b>  |                                |                   |
| Cost of product sales and rentals  | —                              | 2                 |
| Research and development   | 2,845                          | 4,372             |
| Selling, general and administrative                                      | 1,418                          | 1,895             |
| <b>Total costs and expenses</b>  | <u>4,263</u>                   | <u>6,269</u>      |
| <b>LOSS FROM OPERATIONS</b>  | <u>(4,263)</u>                 | <u>(6,260)</u>    |
| <b>OTHER INCOME (EXPENSE)</b>  |                                |                   |
| Decrease in fair value of warrants                                       | 1,559                          | 1,254             |
| Other income, net  | 25                             | 18                |
| <b>Total other income</b>  | <u>1,584</u>                   | <u>1,272</u>      |
| <b>NET LOSS</b>  | <u>\$ (2,679)</u>              | <u>\$ (4,988)</u> |
| <b>NET LOSS PER SHARE (Basic and Diluted)</b>                            | <u>\$ (0.10)</u>               | <u>\$ (0.13)</u>  |
| Weighted average number of common shares outstanding (Basic and Diluted) | <u>26,737</u>                  | <u>38,617</u>     |

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