

May 13, 2010

Three (3) Late Stage Trials Focus the Future Stock Appreciation

Q3/10 Review

Valuation: **\$3.82**

Price at 5/12/10: **\$1.66**

52 Week Range: **\$1.36 - \$4.72**

Market Capitalization: **\$46.90 M**

Enterprise Value: **\$31.87 M**

Sum of the Parts Value: **\$5.71**

Fair Value: **\$5.89**

Shares Outstanding: **28.26 M**

Fully Diluted: **39.012 M**

Float: **28.17 M**

Avg Volume (3 Mos): **386,132**

Avg Volume (10 day): **393,757**

Short Position of Float: **2.6 M**

Cash: **\$22.8 M**

Burn Rate: **\$1.4 M (Month)**

Fiscal Year End: **June 30**

Exchange: **NASDAQ**



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Please read the important
Disclosures Section
At the end of this review!

Aastrom Biosciences develops autologous cellular therapies for the treatment of severe and chronic cardiovascular diseases. Using its proprietary tissue repair cell (TRC) technology, ASTM is able to expand the numbers of stem and early progenitor cells from a small amount of bone marrow collected from the patient.

- Net loss for Q3/10 was \$4.3 M or \$0.16 per share versus the Q2/10 net loss of \$4.57 M or \$0.03 per share,
- Targeting niche cardiovascular indications: critical limb ischemia (CLI) for no option (400 K) patients which have an orphan drug designation and dilated cardiomyopathy (DCM) with (150 K) patients in the US alone,
- Conducting 3 late staged trials; IMPACT-DCM trial, a P2 (cardiac regeneration) with surgical delivery of TRCs in patients with dilated cardiomyopathy (DCM) leading to severe chronic heart failure); DCM P2 trial with catheter delivery of TRCs and the RESTORE-CLI trial, a P 2b (vascular regeneration) in patients with CLI (critical limb ischemia),
- The Phase 2 IMPACT-DCM clinical trial is fully enrolled with 40 patients at 5 sites in the US with plans to report 6 month interim data on all patients in Q4/10 (Nov),
- The 2nd cardiac trial, a Phase 2 for catheter-based delivery of TRCs to treat DCM patients is currently enrolling patients at 2 sites with patient treatment begun in 5/10,
- The Phase 2b RESTORE-CLI clinical trial is fully enrolled as of 3/10 with 86 patients at 18 sites of patients suffering from CLI,
- Compelling efficacy, safety results and anecdotal data provide a strong signal of the therapeutic benefit of autologous cell therapy in patients with critical limb ischemia (CLI),
- Active in partnering discussions and in discussions (May) with the FDA for a Phase 3 pivotal study (clinical) program,
- Dendreon's (DNDN) recent approval for Provenge defines a clearer regulatory path for autologous cellular therapies,
- The blended valuation model implies a pricing of \$3.82 given the fully diluted shares outstanding. The Sum of the Parts estimation of \$5.71 is discounted 20% and is significantly above this stocks current price of \$1.66,
- A BUY ranking believing that ASTM's stock is held at an extremely low stock price in relation to the market comps and 3 advancing clinical trials but will appreciate as clarity of impending trial results, partnering opportunities and the regulatory pathway evolves. Shares of ASTM offer upside in the short and near term but, markets remain volatile based on the recent conflagration.

Investment Thesis

I continue with a **BUY** ranking and believe that the current market issues have obscured share price potential.

We derived our current valuation by using a Blended Price Valuation Table which includes a Sum of the Parts (SOTP) analysis, a direct comparable analysis layered with a sector comparable analysis. Our SOTP scenario is extremely conservative (with a 20% discount) and details a Sum of The Parts value of **\$5.71** and when merged with a direct comparables analysis of **\$2.12** reinforced by a stem cell sector perspective of **\$3.64** implies a blended valuation of **\$3.82** given the current shares outstanding of **28.26 M** with a fully diluted number of **39.012 M**.

The Avg. Blended Price Valuation of **\$3.82** is significantly above this stocks current price of **\$1.66** and the trading range of **\$1.36 - \$4.72**. We note the average market capitalization of designated comparables is **\$82.64 M** or about **1.3 X** the implied multiple of ASTM's market cap of **\$67.10 M (Fully Diluted)**. In a review of these overall sector stem cell companies, ASTM has a **2.2 X** multiple and a fair value of **\$3.64**.

Stem cell therapies could be years away. Autologous cellular therapies using a patient's own bone marrow show no concern the body will reject the implanted cells and integrate into surrounding tissues promoting healing,

Aastrom TRC technology platform expands the number of stem and progenitor cells many times what can be otherwise obtained from the patient's themselves and then takes those cells and deliver them directly to the damaged tissues. TRCs promote healing by stimulating the patient's natural healing systems allowing cells to engraft faster and more effectively. ASTM has compelling preclinical data showing that TRCs have a benefit in multiple indications. This compelling early human patient data and anecdotal data suggest a therapeutic benefit in these patients where there is no option for patients. The size of these patient populations also lends themselves to being able to conduct phase III pivotal clinical studies that are affordable both from a time and a cost standpoint.

The recent approval of Provenge, another autologous cell therapy by DNDN clearly defines a regulatory path for autologous cellular therapies. Hopefully the approval timing will be better.

Reiterating, comparables such Opexa (OPXA) and Cytori (CYTX) use autologous stem cells which might not have tissue matching issues; but face issues related to batch variability. It has been stated the autologous stem cells from an individual with CLI or DCM could lack regenerative power but, ASTM's recent encouraging clinical data seems to refute these issues of potency. ASTM also does not have to develop manufacturing processes and infrastructure such as do Athersys (ATHX), Pluristem (PTIM) and Osiris (OSIR) who develop allogeneic cells and could have similar potency questions after extensive growth in culture.

Why invest: ASTM could be the first to market with an autologous cell therapy product for both CLI and DCM. Based on trial advancement, they should be the leaders in both indications. The key to share appreciation is the announcements of further interim results which are preliminary indicators from the RESTORE-CLI Phase 2b clinical trial, completion of the enrollment in IMPACT-DCM Phase 2 surgical clinical trial, presentation of results from IMPACT-DCM Phase 2 surgical clinical trial 6 month follow-up and the complete enrollment in IMPACT-DCM Phase 2 catheter clinical trial should dramatically drive the appreciation of the share price. ASTM has interim data demonstrating statistically significant therapeutic benefit for the CLI indication. Patients and physicians have a strong interest in new TRC therapeutic options as ASTM investigators present advanced trial data at scientific conferences throughout 2010.

ASTM has retained all commercial rights to products in both DCM and CLI for future partnering initiatives.

ASTM's stock is still held at a low valuation but should appreciate as execution continues offering upside in the short-term and near-term. However, markets remain challenging based on sentiment. The majority of stem cell development (stage) companies are not profitable, may not be profitable in the foreseeable future and have an increased degree of volatility relative to the overall market.

Risks, Valuation and Patents

Risks

The market conflagration, global debt issues and the recent capital market are challenging for the small cap stem cell sector which make the timing and potential for future equity financings uncertain. ASTM's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial condition, results of operations, cash flows, and common stock trading price. There are always risks and uncertainties that are not known or should be considered to be material. Also, ASTM's past losses and expected future losses could cast doubt on their ability to operate to a profit. ASTM's major ongoing research and development programs are focused on the clinical development of TRC-based products from bone marrow-derived adult stem and early progenitor cells for use in cardiac regeneration as well as vascular regeneration. The uncertainties of clinical trials, the evolving regulatory requirements applicable to TRC-based products and estimating the completion dates or cost to complete major R&D programs are highly speculative and subjective. The risks and uncertainties associated with developing products, including significant and changing governmental regulation and the uncertainty of future clinical study results could prevent, limit or delay ASTM's ability to market or develop products. Product development activities could also limit their ability to operate or finance operations. The potentially lengthy process of seeking regulatory approvals for product candidates, and the subsequent compliance with applicable regulations, will require the expenditure of substantial resources. Failure to obtain, or any delay in obtaining, regulatory approvals could cause their R&D expenditures to increase and have a material adverse effect on operations. ASTM will need to raise a significant amount of additional funds; they will also need significant additional funds or a collaborative partner, or both, to finance the research and development activities of cell product candidates for additional indications.

Valuation Analysis

Valuation should be understood in terms of an objective quantitative model and a comprehensive qualitative explanation that enlightens investors to expectation and potential.

Models reflect current judgment, as qualitative analysis and quantitative models are always subject to change based on share pricing, share/capitalization increases or decreases based on regulatory constraints and status, market conditions, perceptions and sentiment. Thus, in these current volatile market/economic times, Scimitar has stepped back from making specific price targets; but, relies upon basic valuation assumptions in this relatively new and extremely regulated industry group. We thus defer to scenarios in which the current or direct comparables can not be specifically defined due to the different stem cells being developed, methods, their focus and delivery of therapies as well as their disease targets.

Given the lack of a specific valuation or an estimate formula for stem cell companies, we are blending different models for a valuation, or as some refer to a price target to come up with a true measurement tool. We retain the discounted cash flow analysis, but most of these companies generate losses per share layered by multiple dilutive financings hoping for the holy grail of an approved therapy.

We, therefore, derived our current valuation by using a Blended Price Valuation Table which includes a Sum of the Parts (SOTP) analysis and a direct comparable analysis layered with a sector comparable analysis. We believe that generating multiple models to include distinct comparable (direct and sector scenarios) models and then blending them based on actual market standing (versus the status of on-going trials) allows us to better evaluate the valuation of ASTM. We also believe that this allows us to create our "ScimitarEquity™" model for actual pricing or standing in relation to the sector as a whole, while addressing the risk in the market.

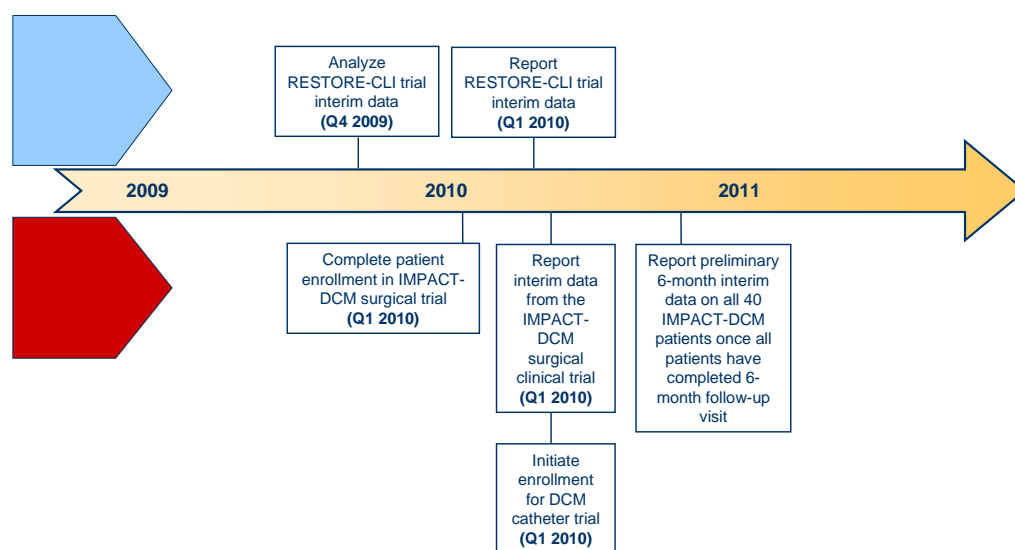
Patents

ASTM has 26 patents issued and 4 pending with 41 foreign issued patents and 4 pending. Certain patent equivalents to the US patents have also been issued in other jurisdictions including Australia, Japan, the Republic of Korea and Canada as well as under the European Convention. ASTM also relies on exclusive, world-wide licenses relating to the production of human cells granted by the University of Michigan for certain patent rights.

Regulatory

	RESEARCH PRECLINICAL	PHASE 2 (2007-2010)	PHASE 3 PIVOTAL
Cardiac			
DCM - Surgical	▶		
DCM - Catheter	▶		
Vascular			
Critical Limb Ischemia	▶		

In addition to using tissue repair cell (TRC) technology in regulated clinical trials, certain non-US regions allow autologous cell products to be utilized in patient treatments without further registration or marketing authorization.



A Significant Market

Dilated Cardiomyopathy (DCM)

DCM is a condition in which the heart becomes weakened and enlarged, and cannot pump blood efficiently. DCM is a disease of the heart muscle, primarily affecting your heart's main pumping chamber (left ventricle). The left ventricle becomes enlarged (dilated) and can't pump blood to your body with as much force as a healthy heart can. The decreased heart function can affect the lungs, liver, and other body systems. DCM is the most common form of non-ischemic cardiomyopathy occurring more frequently in men than in women and is most common between the ages of 20 and 60 years.

DCM is one of the cardiomyopathies, a group of diseases that primarily affect the myocardium (the muscle of the heart). Different cardiomyopathies have different causes and affect the heart in different ways. In DCM a portion of the myocardium is dilated, often without any obvious cause. Left or right ventricular systolic pump function of the heart is impaired, leading to progressive cardiac enlargement and hypertrophy. About 1 in 3 cases of congestive heart failure (CHF) is due to dilated cardiomyopathy. DCM doesn't necessarily cause symptoms, but for some people the disease is life-threatening. DCM is a common cause of heart failure, the inability of the heart to supply the body's tissue and organs with enough blood. DCM may also cause irregular heartbeats (arrhythmia), blood clots or sudden death.

Patients with DCM typically present with symptoms of congestive heart failure, including limitations in physical activity and shortness of breath. DCM generally occurs in patients who have ischemic heart failure due to multiple heart attacks, though it can also be found in patients with non-ischemic heart failure caused by hypertension, viral infection, metabolic abnormalities and other causes. Patient prognosis depends on the stage of the disease but is typically characterized by a high mortality rate. Other than heart transplantation, there are currently no curative treatment options for end-stage patients with this disease.

The New England Journal of Medicine estimates that in the US alone 120,000 people currently suffer; other sources estimate that the patient population with DCM may be as high as 150,000.

Critical Limb Ischemia (CLI)

Critical limb ischemia (CLI) is the term used for patients with chronic ischemic rest pain, ulcers, or gangrene that is attributable to inadequate blood flow or arterial occlusive disease. CLI is typically identified as the end stage of peripheral arterial disease. CLI is the most severe form of PAD, and is typically the end stage of the disease.

CLI is a severe obstruction of the arteries which decreases blood flow to the extremities (hands, feet and legs) and has progressed to the point of severe pain and even skin ulcers or sores. Patients with CLI often suffer from severe pain caused by ischemia, tissue loss, ischemic neuropathy or a combination of these factors. The pain typically occurs at night when the patient is resting, and episodes can last for hours.

A large percentage of patients with CLI have coexisting diseases, such as cardiovascular and renal disorders. CLI patients also are at high risk for myocardial infarction, stroke, and vascular death. Therefore, prompt referral to a specialized vascular center improves the success of their treatment and reduces the systemic risk in this population. People with CLI face a high risk of amputation and in some cases death. No effective pharmacologic therapy is available, and amputation is often the only option left, but is associated with an even worse prognosis: perioperative mortality is 5% to 20% and a second amputation is required in 30% of all patients.

Approximately 1 M people in the US suffer from CLI. This disease results in more than 160,000 amputations each year.

Key Catalysts and Milestones

DATE	EVENTS	STATUS
Q1/10	Top-line Interim Results from RESTORE-CLI Phase 2b clinical trial	On-Going
Q1/10	Complete enrollment in IMPACT-DCM Phase 2 surgical clinical trial	On-Going
Mid - 2010	Presentation of Interim Results from RESTORE-CLI Phase 2b clinical trial	Anticipated
Q4/10	Presentation of Results from IMPACT-DCM Phase 2 surgical clinical trial – 6-month follow-up	Anticipated
Q4/10	Complete enrollment in IMPACT-DCM Phase 2 catheter clinical trial	Anticipated

Insider and Institutional Holdings

Holdings	
Holder	Holder
Vanguard Group	Northern Trust Corp
BlackRock Institutional Trust	Geode Capital Management
Fidelity (Index Funds)	Bank of New York Mellon Corporation
Commerzbank Aktiengesellschaft	State Street Corp
CALPERS	Fusion Capital
Harris Financial Corp	Bank of America

Capitalization

Financial Instruments (As of 5/11/10)	# of Shares
Number of Common Shares Outstanding	28.256 M
Conversion of Preferred into Common Warrants Outstanding (8.877 M) and Stock Options (1.879 M)	10.756 M
Fully Dilutive Total	39.012 M

Valuation Analysis

The current valuation using a Blended Price Valuation Table includes a Sum of the Parts (SOTP) analysis, a direct comparable analysis layered with a sector comparable analysis.

Our SOTP scenario is extremely conservative (with a moderate 20% discount factor) and details a value of **\$5.71** and when merged with a direct comparables index of **\$2.12** reinforced by a stem cell sector perspective of **\$3.64** implies a blended valuation of **\$3.82** given the current shares outstanding of **28.26 M** with a fully diluted number of **39.012 M**.

We note the average market capitalization of designated comparables is **\$82.64 M** or about 1.3 X the implied multiple of ASTM's market cap of **\$64.76 M** (Fully Diluted). In a review of the overall public stem cell sector companies, ASTM has a 2.2 X multiple and a of small-mid cap stem cell sector comparables the fair value of **\$3.64**. But, based on the projected EPS in 2010 with a 20% discount, we derived a total fair value of **\$5.89**.

Blended Valuation Table	
Sum-of-The-Parts	\$5.71
Comparable Analysis	\$2.12
Sector Analysis	\$3.64
Avg. Blended Price Valuation	\$3.82

ASTM:

Sum of the Parts Analysis

Part (in 000's)	Value
2009E revenues (000's)	\$182
Price/sales multiple	1.0x
Discount rate	20.0%
Periods	<u>4.00</u>
Value of revenue	\$88
Cash	22,800
Technology Value (Intangible)	200,000
Total	\$222,888
Est. Shares Outstanding (Fully Diluted)	39,012
Implied fair value	\$5.71

Per share:	
Revenues	\$ 0.00
Cash	\$ 0.58
Technology	\$ 5.13
Total	\$ 5.72

Valuation Analysis (continued)

Direct Comparables:

Small-Mid Cap Stem Cell Company Comparables				
(as of close of trading, Tues., (05/12/10))				
Company	Ticker	Price	Market Cap (\$M)	EV (\$M)
Advanced Cell Technology	ACTC.OB	\$0.08	\$61.33	\$66.83
Bioheart	BHRT	\$0.69	\$14.14	\$23.19
Osiris Therapeutics	OSIR	\$7.16	\$234.67	\$129.37
Pluristem Therapeutics	PSTI	\$1.14	\$20.42	\$16.18
Average of Comparables		\$2.27	\$82.64	\$58.89
Astrom Bioscience	ASTM	\$1.66	\$64.76 (Fully Diluted)	
Implied Multiples			1.3x	
Implied Fair Value ASTM			\$2.12	

Sector Comparables

Small-Mid Cap Stem Cell Sector Comparables				
(as of close of trading, Tues., (05/12/10))				
Company	Ticker	Price	Market Cap (\$M)	EV (\$M)
Athersys	ATHX	\$3.10	\$58.68	\$35.86
Stem Cells	STEM	\$1.14	\$135.97	\$96.98
Geron Corporation	GERN	\$5.73	\$544.42	\$402.19
Opexa Therapeutics	OPXA	\$2.20	\$34.16	\$26.91
Neuralstem	CUR	\$3.22	\$137.88	\$136.86
NeoStem	NBS	\$2.90	\$127.44	\$140.34
BioTime	BTIM	\$7.75	\$261.09	\$247.22
MultiCell Technologies	MCET.OB	\$0.01	\$3.53	\$5.32
Intl. Stem Cell Corporation	ISCO.OB	\$1.82	\$113.20	\$107.60
Brainstorm Cell Therapeutics	BCLI.OB	\$0.30	\$26.31	\$25.80
ReNeuron Group	RENE.L	\$7.41	\$32.45	\$21.22
Cytori Therapeutics	CYTX	\$5.30	\$226.98	\$209.77
Average of Comparables		\$3.41	\$141.84	\$121.34
Astrom Bioscience	ASTM	\$1.66	\$64.76	
Implied Multiples			2.2x	
Implied Fair Value ASTM			\$3.64	

Valuation (cont)

Our Standardized Scimitar Valuation Matrix and Price Target Sensitivity Analysis below assume a **2010** EPS (the companies second estimated year of profitability) of **(\$0.61)**. We apply a standard **20 x** P/E biotech multiple to 2010 EPS and a 20% Discount Rate back to 2009 or 4 years/periods and achieve a fair value of **\$5.89** per share.

Valuation Matrix

Based on projected EPS in 2010 of:

(\$0.61)

P/E x	Discount Factor				
	10.0%	15.0%	20.0%	25.0%	30.0%
10	(\$4.17)	(\$3.49)	(\$2.95)	(\$2.50)	(\$2.14)
15	(\$6.26)	(\$5.24)	(\$4.42)	(\$3.75)	(\$3.21)
20	(\$8.35)	(\$6.99)	(\$5.89)	(\$5.00)	(\$4.28)
25	(\$10.43)	(\$8.73)	(\$7.37)	(\$6.26)	(\$5.35)
30	(\$12.52)	(\$10.48)	(\$8.84)	(\$7.51)	(\$6.42)

Source: Scimitar Equity, LLC Estimates

Valuation (cont)

ASTM Share Price and Volume



Comparables Index



Aastrom Biosciences, Inc. (ASTM): Black
Advanced Cell Technologies, Inc. (ACTC): Green
Bioheart, Inc. (BHRT): Orange
Osiris Therapeutics, Inc. (OSIR): Pink
Pluristem Therapeutics, Inc. (PSTI): Brown

Technology

There are numerous sources of human stem cells. Adult stem cells are the least controversial and may be collected from the bone marrow, blood or other tissue of patients or healthy donors.

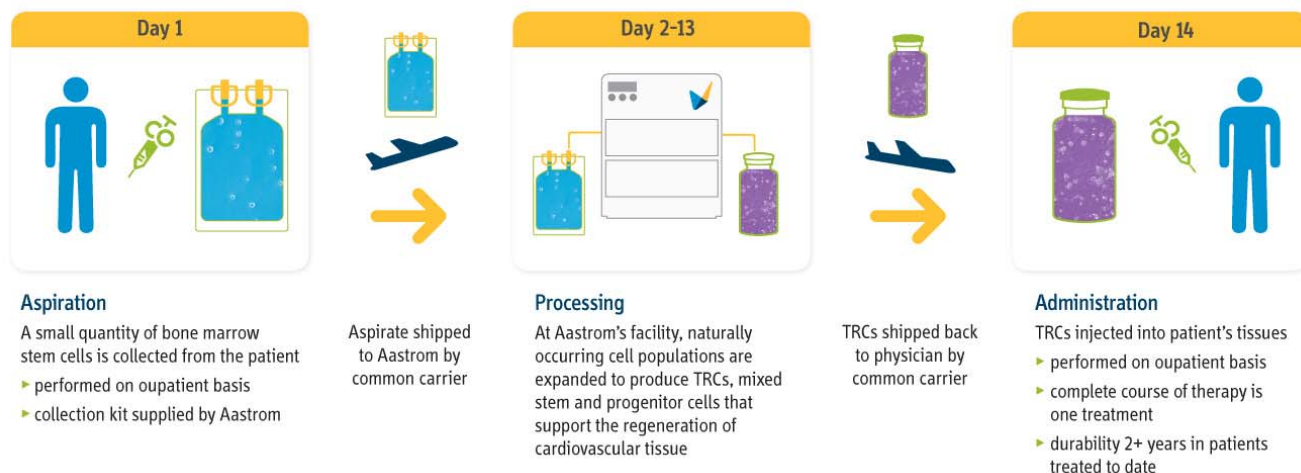
Aastrom (ASTM) utilizes only bone marrow-derived adult stem cells in all of its research and clinical development programs. ASTM's stem cell development strategy seeks to overcome this shortage of stem cells by growing large numbers of a patient's own stem cells outside the body for use as treatments to promote tissue repair and regeneration.

Adult stem cells have a long history of human use as therapeutics beginning with bone marrow transplantation, and continuing with cell-based clinical trials focused on tissue repair. ASTM seeks to leverage the history and therapeutic potential of bone marrow stem cells by producing a mixed population of stem and early-stage progenitor cells that are capable of differentiating into a variety of tissues including, cardiac, vascular, bone, fat, cartilage and components of the blood and immune systems

Autologous stem cells are cells obtained from a specific patient and returned to the same patient. When patients receive their own cells, there is no concern that the body will reject the implanted cells as foreign material and there is no need for the addition of potentially harmful immunosuppressive drugs. Autologous cells may integrate more effectively into the patient's body and better interact with the surrounding tissue to promote healing. All of Aastrom's products are autologous cell therapies with the goal of maximizing their long-term therapeutic efficacy and ensuring patient safety.

The key advantage of ASTM's TRC based products is that the number of stem and progenitor cells is significantly expanded beyond what could be obtained directly from the patient, potentially enhancing the ability of the product to regenerate damaged or diseased tissues.

TRC Production and Delivery: Convenient, efficient, scalable



Financial Highlights

Q3/10

Net loss for Q3/10 was \$4.3 M or \$0.16 per share. Revenues for Q3/10 were \$0. The fluctuations in product sales is due to the changes in volume of cell production sales for investigator-sponsored clinical trials in Spain and limited cell manufacturing supplies to a research institute in the US. Total costs and expenses for Q3/10 were \$4.263 M. R&D expenses were \$2.845 M. Increases reflect continued expansion of clinical development activities including the costs associated with recruitment and treatment of the final patients in the IMPACT-DCM Phase 2 clinical trial. G&A expenses were \$1.418 M. The increase in the quarterly expense is primarily the result of increased legal fees and contract services. G&A expenses included a non-cash charge of \$100 K relating to share-based compensation expense. Interest income for the quarter was \$34 K. The fluctuations in interest income are due primarily to corresponding changes in the level of cash, cash equivalents and short-term investments during the periods, and lower interest rates. Interest expense was \$9 K. Net loss for Q3/10 was \$4.238 M or \$.16 per share. At 3/31/10, ASTM had \$22.8 M in cash and cash equivalents and short-term investments. It is expected that cash utilization will average approximately \$1.4 M per month for the remainder of fiscal year ending 6/30/10.

Q2/10

Q2/10 net loss of \$4.57 M or \$0.03 per share. Total revenues for Q2/10 were \$16,000. Total costs and expenses for Q2/10 were \$4.601M. R&D expenses were \$3.283 M. This increase reflected continued expansion of clinical development activities including the costs associated with recruitment and treatment of patients in the IMPACT-DCM and RESTORE-CLI Phase 2 clinical trials. R&D expenses included a non-cash charge of \$175 K and \$361K relating to share-based compensation expense. G&A expenses were \$1.316 M. This decrease was primarily due to an offset of \$279 K to the stock compensation expense that was recorded in Q1/10. This offset reversed previously recognized stock compensation expense for certain options held by George W. Dunbar that were forfeited when he stepped down as chief executive officer, president and chief financial officer on 12/14/09 as these options were no longer expected to vest. For Q2/10, G&A expenses included a non-cash charge of \$127 K relating to share-based compensation expense. Interest income for Q2/10 was \$21 K. Any fluctuations in interest income are due primarily to corresponding changes in the level of cash, cash equivalents and short-term investments during past periods and varying yields from the company's investments. Interest expense was \$11K. After the completion of the public offering of common stock and warrants in 1/10, ASTM had approximately \$25.5 M in cash and cash equivalents on 1/31/10. ASTM received approximately \$12.4 M in net proceeds, after underwriting discounts and commissions and other offering expenses, from the sale of 52,077,100 units (including 5,923,100 units sold to the underwriter pursuant to the exercise of its over-allotment option) consisting of an aggregate of 52,077,100 shares of ASTM

Q1/10

Net loss for Q1/10 was \$3.801M, or \$0.02 per share. Q1 revenues (product sales) were \$73 K. Total costs and expenses decreased to \$3.889 M. R&D expenses increased to \$2.911 M for Q/1. This increase (from \$2.726 M) reflects continued expansion of clinical development activities including the costs associated with recruitment and treatment of patients in the IMPACT-DCM clinical trial. R&D expenses for the quarters ended 9/30/09 and 2008 also include a non-cash charge of \$186,000 and \$162,000, respectively, relating to share-based compensation expense. SG&A expenses were \$946 K. SG&A also include a non-cash charge of \$140 K, relating to share-based compensation expense. Interest income was \$28 K. Fluctuations (from previous Q's) in interest income are due primarily to corresponding changes in the level of cash and cash equivalents during the periods. Interest expense was \$13 K. The changes in net loss is primarily the result of fluctuations in spending of R&D expenses were in part on a per share basis resulting from an increase in the weighted average number of common shares outstanding. At 9/30/09, Aastrom had \$17.4 M in cash and cash equivalents.

Financial Statement

Aastrom Biosciences, Inc. (ASTM)								
in thousands (except per-share data)								
Income Statement								
Period Ending	FY2007	FY2008	FY2009	Q1A	Q2A	Q3A	Q4E	2010E
Revenues								
Product sales and rentals	94.0	208.0	182.0	27.0	28.0	0.0	18.3	73.3
<i>% growth</i>		121.3%	-12.5%		3.7%	-100.0%		
Research and development agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>% growth</i>								
Grants	591.0	314.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>% growth</i>		-46.9%	-100.0%					
Total Revenues	685.0	522.0	182.0	27.0	28.0	0.0	18.3	73.3
<i>% growth</i>		-23.8%	-65.1%		3.7%	-100.0%		-59.7%
Costs and expenses								
Cost of product sales and rentals	29.0	56.0	112.0	4.0	18.0	0.0	7.3	29.3
<i>% of product sales and rentals revenue</i>	30.9%	26.9%	61.5%	14.8%	64.3%		40.0%	40.0%
Cost of product sales and rentals- provision for excess inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>% of product sales and rentals revenue</i>	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%
Research and development	11,443.0	15,249.0	11,289.0	2,726.0	2,829.0	2,845.0	2,800.0	11,200.0
<i>% of total revenues</i>	1670.5%	2921.3%	6202.7%	10096.3%	10103.6%			15279.7%
Selling, general, and administrative	8,682.0	6,436.0	4,950.0	1,316.0	1,333.0	1,418.0	1,356.0	5,423.0
<i>% of total revenues</i>	1267.4%	1233.0%	2719.8%	4874.1%	4760.7%			7398.4%
Total Costs and Expenses	20,154.0	21,741.0	16,351.0	4,046.0	4,180.0	4,263.0	4,163.3	16,652.3
<i>% of total revenues</i>	2942.2%	4164.9%	8984.1%	14985.2%	14928.6%			22718.0%
Loss from Operations	(19,469.0)	(21,219.0)	(16,169.0)	(4,019.0)	(4,152.0)	(4,263.0)	(4,145.0)	(16,579.0)
Other Income (Expense)								
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest income	1,875.0	1,170.0	296.0	127.0	69.0	34.0	68.1	298.1
Interest expense	0.0	(84.0)	(73.0)	(21.0)	(20.0)	(9.0)	(3.9)	(53.9)
Total Other Income	1,875.0	1,086.0	223.0	106.0	49.0	25.0	64.2	244.2
Net Loss	(17,594.0)	(20,133.0)	(15,946.0)	(3,913.0)	(4,103.0)	(4,238.0)	(4,080.8)	(16,334.9)
Net Loss per Share	(0.15)	(0.16)	(0.11)	(0.03)	(0.03)	(0.16)	(0.15)	(0.61)
Shares Outstanding								
Basic and Diluted	119,523	129,120	143,016	132,796	134,575	26,737	26,737	26,737

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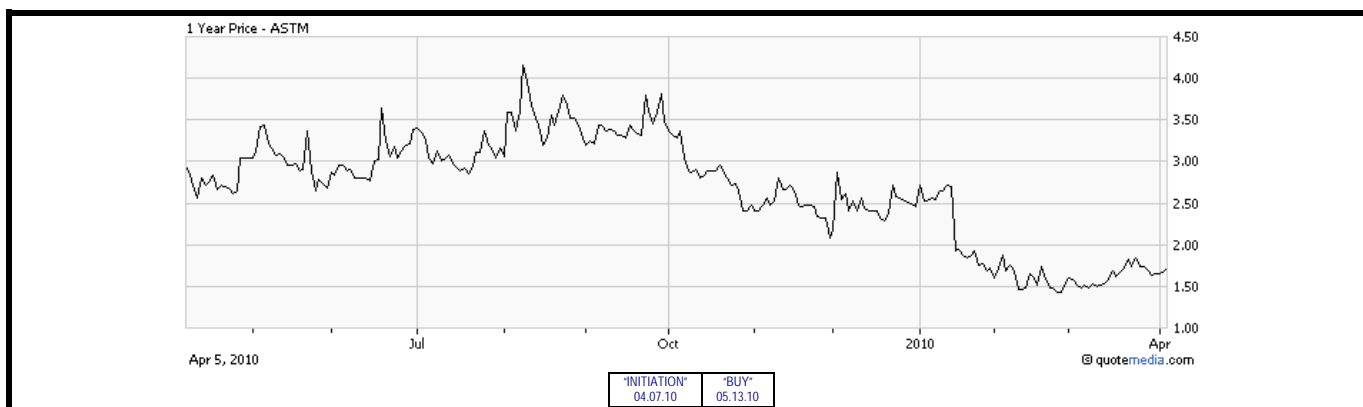
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