
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):

October 2, 2009

Aastrom Biosciences, Inc.

(Exact name of registrant as specified in its charter)

Michigan

000-22025

94-3096597

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

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

48106

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(734) 930-5555

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))
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Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On October 2, 2009, Aastrom Biosciences, Inc. ("Aastrom") received a Staff Determination letter from the NASDAQ Stock Market (NASDAQ) indicating that, since December 20, 2007, Aastrom had not regained compliance with the \$1.00 minimum closing bid price requirement for continued listing set forth in Listing Rule 5550(a)(2). As a result, Aastrom's common stock would be subject to delisting from the NASDAQ Capital Market on October 13, 2009 unless Aastrom requests a hearing before the NASDAQ Hearings Panel (the "Panel") pursuant to the procedures set forth in the NASDAQ Listing Rule 5800 series.

Aastrom intends to request an oral hearing before the Panel within the timeframe provided by NASDAQ, which will stay the delisting of Aastrom's securities. All hearings shall be scheduled, to the extent practicable, within 45 days of the date that the request for hearing is filed.

The press release, dated October 7, 2009, announcing receipt of the letter, is filed as Exhibit 99.1 to this Current Report on Form 8-K.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 3, 2009, Stephen G. Sudovar announced he does not intend to stand for re-election to the Board of Directors of Aastrom at the 2009 Annual Meeting of Shareholders. Mr. Sudovar has been a director of the Company since 2006.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

SIGNATURES

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.

Aastrom Biosciences, Inc.

October 7, 2009

By: */s/ George W. Dunbar, Jr.*

Name: George W. Dunbar, Jr.

Title: Chief Executive Officer and President

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|-------------------------------------|
| 99.1 | Press Release dated October 7, 2009 |

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**AASTROM RECIEVES LETTER FROM NASDAQ REGARDING
CONTINUED NON-COMPLIANCE WITH MINIMUM BID PRICE RULE**

— *Company Meets All Other NASDAQ Capital Market Initial Listing Requirements Other Than the \$1.00 Minimum Bid Price Rule; Company Will Request Hearing to Present Plans for Regaining Compliance; Company to Remain Listed on NASDAQ Capital Market During Hearing Process* —

Ann Arbor, Michigan, October 7, 2009 — Aastrom Biosciences, Inc. (Nasdaq: ASTM), a leading developer of autologous cell products for the treatment of chronic cardiovascular diseases, announced today that it received a Staff Determination letter from the NASDAQ Stock Market (NASDAQ) on October 2, 2009 indicating that the Company has not regained compliance with the \$1.00 minimum closing bid price requirement for continued listing set forth in NASDAQ Listing Rule 5550(a)(2). As a result, the Company's common stock would be subject to delisting from the NASDAQ Capital Market on October 13, 2009 unless Aastrom requests a hearing before a NASDAQ Hearings Panel (the "Panel").

Aastrom intends to request an oral hearing before the Panel within the timeframe provided by NASDAQ, which will stay the delisting of the Company's securities. NASDAQ has provided guidance that to the extent practicable, it will schedule the hearing within 45 days of the date that the request for hearing is filed by Aastrom.

At the hearing, Aastrom intends to request continued listing on the NASDAQ Capital Market based upon its plan for regaining compliance with the minimum bid price requirement. The Panel has the authority, if it deems appropriate, to grant Aastrom up to an additional 180 days from the date of the Staff Determination letter of October 2, 2009, or until March 31, 2010, to implement its plan of compliance. The letter notes that the Company may wish to consider presenting a plan that includes a discussion of the events that it believes will enable it to regain compliance in this time frame, along with a commitment to effect a reverse stock split, if necessary.

About Aastrom Biosciences, Inc.

Aastrom is a leader in regenerative medicine developing autologous cell products for the treatment of chronic cardiovascular diseases. The Company's proprietary Tissue Repair Cell (TRC) technology expands the numbers of stem and early progenitor cells from a small amount of bone marrow collected from the patient. Bone marrow provides a rich source of diverse cell populations, is easily accessible and allows Aastrom to produce a personalized treatment for site-specific delivery to the patient's diseased tissues. Aastrom has treated more than 350 patients in various clinical trials over 10 years without any product safety issues. The Company is currently conducting a Phase II cardiac regeneration clinical trial (the IMPACT-DCM trial) in patients with dilated cardiomyopathy (DCM – severe chronic heart failure) and a Phase IIb vascular regeneration clinical trial (the RESTORE-CLI trial) in patients with critical limb ischemia (CLI – the most severe form of peripheral arterial disease).

For more information, visit Aastrom's website at www.aastrom.com.

This document contains forward-looking statements, including without limitation, statements concerning clinical trial plans and expectations, clinical activity timing, intended product development and commercialization objectives, adequacy of existing capital to support operations for a specified time, future capital needs, and potential advantages and application of Tissue Repair Cell (TRC) Technology, 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 and other filings with the Securities and Exchange Commission.

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