

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): **December 12, 2012**

Aastrom Biosciences, Inc.

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation)

0-22025
(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: **(800) 556-0311**

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

Effective as of December 14, 2012, Daniel Orlando will assume the position of interim Chief Executive Officer and President of Aastrom Biosciences, Inc. (the "Company") and Tim M. Mayleben, who announced his retirement in October 2012, will step down from his role as the Chief Executive Officer and President. Mr. Mayleben will continue as a member of the Board of Directors and will continue to be available as a consultant to assist with management transition issues.

Mr. Orlando's Employment Terms

Mr. Orlando has been serving as Chief Commercial Officer of the Company since August 27, 2012, and, prior to joining the Company, worked with Takeda Pharmaceuticals for over 13 years in executive leadership positions in marketing, sales and business development, most recently as vice president, business development for North and South America. Prior to his tenure with Takeda Pharmaceuticals, he worked at Abbott Laboratories for more than 11 years in progressive sales and marketing roles.

Pursuant to an employment offer letter between the Company and Mr. Orlando, dated August 20, 2012 (the "Employment Agreement"), Mr. Orlando will receive an initial annual base salary of \$285,000 and his base salary shall be reviewed annually by the Company. Under the Employment Agreement, Mr. Orlando will also be eligible to receive cash incentive compensation as determined by the Company. Mr. Orlando's target annual incentive compensation shall be 40% of his then-current base salary. Under the Employment Agreement, from time to time and at the discretion of management and the Company's Board of Directors, the Company may grant to Mr. Orlando options to purchase shares of the Company's common stock pursuant to the Company's equity plan.

Mr. Orlando is also entitled to continued participation in the Company-sponsored group health, dental and vision programs, as those plans may be amended from time to time. In addition, during his employment and after termination of the Employment Agreement, Mr. Orlando has agreed to keep the Company's confidential information in confidence and trust and has agreed not to use or disclose such confidential information without the Company's written consent except as necessary in the ordinary course of performing his duties to the Company.

The Employment Agreement contains other customary terms and conditions. The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the actual Employment Agreement which is attached as Exhibit 10.1 to this Current Report on Form 8-K, and is incorporated herein by reference.

Mr. Mayleben's Resignation Agreement

In connection with his resignation, Mr. Mayleben has entered into a Resignation Agreement with the Company, effective as of December 14, 2012, to provide for a management transition period from December 14, 2012 through May 31, 2013. The Company has determined that the Resignation Agreement was desirable in order to better assure that the transition from Mr. Mayleben to Mr. Orlando will go as smoothly as possible. During this period, Mr. Mayleben will act as a consultant to the Company and not as an employee.

Under the Resignation Agreement, Mr. Mayleben agrees to provide consulting services as requested by the Board of Directors and to continue to serve as a member of the Company's Board of Directors for at least the duration of his current term, which expires at the Company's 2013 Annual Meeting of Shareholders, and the Company agrees to pay Mr. Mayleben his reasonable business and travel expenses incurred in connection with such services, consistent with the Company's policies on expense reimbursement, and up to \$150,000 upon completion of certain business milestones. The Resignation Agreement also provides for: (i) continued vesting by Mr. Mayleben in 50 percent of his unvested options in accordance to their terms through May 31, 2013; (ii) Mr. Mayleben's rights to exercise his vested options through May 31, 2013; (iii) Mr. Mayleben's forfeiture of any rights to any unissued ownership or other interests in the Company, including to any restricted stock units; and (iv) mutual releases of claims by each of Mr. Mayleben and the Company.

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Item 7.01 Regulation FD Disclosure.

On December 12, 2012, we issued a press release announcing the executive management transition process, as set forth in Item 5.02 of this Current Report on Form 8-K. A copy of the press release is attached hereto as Exhibit 99.1.

Pursuant to General Instruction B.2 of Form 8-K, this information filed under this item number and Exhibit 99.1 are not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall this item number and Exhibit 99.1 be incorporated by reference into our filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such future filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement with Daniel Orlando, dated August 20, 2012.
99.1	Press Release dated December 12, 2012.

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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.

Date: December 12, 2012

By: /s/ Brian D. Gibson
Name: Brian D. Gibson
Title: Vice President, Finance

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Exhibit Index

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Employment Offer Letter

August 20, 2012

Daniel R. Orlando

Dear Dan,

It is with great pleasure that I extend an offer for you to join Aastrom Biosciences, Inc. (the "Company"). Employment with the Company is contingent upon compliance with necessary Immigration Laws, satisfaction of any routine pre-employment contingencies and execution of a Confidentiality, Nondisclosure and Assignment Agreement.

Based on our agreement, your title will be Chief Commercial Officer and you will report directly to me. Your employment will commence on August 27, 2012. Compensation for your employment will consist of the following:

- 1) Annual Base Salary — \$285,000 (USD) paid semi-monthly (\$11,875.00 semi-monthly rate).
- 2) Annual Target Bonus — you will be eligible to receive a discretionary cash bonus of up to 40% of your base salary based on performance and the achievement of certain corporate and personal goals.
- 3) Options — you will be eligible to receive an option to purchase 500,000 shares of the Company's common stock based on the terms of the Company's 2009 Omnibus Incentive Plan and contingent upon approval by the Board of Director's of the Company.
- 4) Benefits — you will also be eligible to participate in the Company's benefit programs including Medical/Dental/Vision insurance, Life & Disability insurance and 401(k) savings plan subject to those plans' terms and conditions as may be amended from time to time.
- 5) Paid Time Off (PTO) — you will be eligible to accrue Paid Time Off at the rate of 16.67 hours per month (25 days per year).
- 6) Commuting to Ann Arbor — you will work in the Ann Arbor office during regular business hours from Monday through Wednesday, and from your home office on Thursdays and Fridays. Other than when traveling on company business, all changes to the schedule will be worked out directly between you and me in advance. Aastrom will pay for reasonable travel and lodging expenses in accordance with our regular company policy.

This letter summarizes the key points regarding the terms of your employment with the Company. I speak for all of us at Aastrom, when I say that we look forward to you joining our team. Please do not hesitate to contact me if I can answer any questions.

Regards,

/s/ Tim M. Mayleben

Tim M. Mayleben
President and CEO

Accepted and Agreed,

/s/ Daniel R. Orlando

Daniel R. Orlando

August 20, 2012

Date



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Draft For Review

Aastrom Board of Directors Names Dan Orlando Interim CEO

ANN ARBOR, Mich., [Dec. 12, 2012] — Aastrom Biosciences, Inc. (Nasdaq: ASTM), the leading developer of patient-specific, expanded multicellular therapies for the treatment of severe, chronic cardiovascular diseases, today announced that the company's board of directors has named Dan Orlando interim CEO of Aastrom. Mr. Orlando, who joined Aastrom as chief commercial officer in August, will assume the position of interim CEO effective December 14, 2012. Aastrom's president and CEO Tim Mayleben is retiring but will remain an active member of the company's board of directors. Mr. Mayleben will continue to support the transition to a permanent CEO at the company for which a search is ongoing.

"We are grateful to Tim for his service to Aastrom and for his continuing commitment to supporting the leadership transition at the company. Aastrom remains focused on our clinical programs and commercialization plans for ixmyelocel-T. As interim CEO, Dan brings a depth of experience in the development and commercialization of cardiovascular and metabolic therapies that will help us to continue our forward momentum as we complete the search for a permanent CEO for Aastrom," said Robert L. Zerbe, M.D., chairman of Aastrom's board of directors.

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 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.

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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.
