
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 25, 2004

Aastrom Biosciences, Inc.

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation)

0-22025
(Commission File No.)

94-3096597
(I.R.S. Employer
Identification No.)

24 Frank Lloyd Wright Drive
P.O. Box 376
Ann Arbor, Michigan 48106
(Address of principal executive offices)

Registrant's telephone number, including area code:
(734) 930-5555

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 8.01. Other Events.

On October 25, 2004 Aastrom Biosciences, Inc. (the "Company") entered into a letter agreement with Rodman & Renshaw LLC relating to the offering of securities, pursuant to the Company's Registration Statement on Form S-3 (File No. 333-108964). A copy of the letter agreement is attached as Exhibit 1.1. The Company has offered 8,264,463 shares of common stock (the "Shares"), warrants to purchase up to 2,066,116 share of common stock (the "Warrants") and 2,561,984 shares issuable upon exercise of warrants (the "Warrant Shares") The Company filed a base prospectus and a prospectus supplement relating to the issuance and the sale of the Shares, the Warrants and the Warrant Shares with the Securities and Exchange Commission on September 19, 2003 and October 28, 2004, respectively. Attached as Exhibit 5.1 is the opinion of Dykema & Gossett PLLC relating to the legality of the issuance of the Shares, the Warrants and the Warrant Shares.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
1.1	Letter Agreement dated October 25, 2004 by and between the Company and Rodman & Renshaw LLC.
5.1	Opinion of Dykema & Gossett PLLC
23.1	Consent of Dykema & Gossett PLLC (included in its opinion filed as Exhibit 5.1)

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: October 27, 2004

By: /s/ Alan M. Wright
Senior Vice President,
Administrative and Financial Operations, CFO

EXHIBIT INDEX

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[RODMAN & RENSHAW LETTERHEAD]

October 25, 2004

R. Douglas Armstrong, Ph.D.
Chief Executive Officer
Aastrom Biosciences, Inc.
24 Frank Lloyd Wright Drive
Ann Arbor, MI 48106

Dear Dr. Armstrong:

The purpose of this letter agreement (the "Agreement") is to set forth the terms and conditions pursuant to which Rodman & Renshaw, LLC ("R&R") shall introduce Aastrom Biosciences, Inc. (the "Company") to one or more investors in connection with the proposed offering (the "Offering") of securities (the "Securities") of the Company. The terms of such Offering and the Securities shall be mutually agreed upon by the Company and the investor(s). The identities of the investors to which R&R introduces the Company shall be proprietary information of R&R and shall not be divulged to third parties by the Company, nor used by the Company outside the scope of R&R's engagement as described herein.

The parties hereto hereby agree that the Company shall pay to R&R the fees and compensation set forth below if there is any financing of equity (including without limitation the Offering) within 5 days of the date of this Agreement specifically with any investors to whom the Company was provided a term sheet through R&R and who participated in this offering, pursuant to this Agreement.

In consideration of the services rendered by R&R under this Agreement, the Company agrees to pay R&R the following fees and other compensation:

(a) A cash fee payable immediately upon the closing of any portion of any Financing (including without limitation the Offering) and equal to 6% of the aggregate proceeds raised.

(b) 6% Warrant Coverage (under the same terms as received by investors).

(c) \$15,000 expense allowance.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles. Any dispute arising out of this Agreement shall be adjudicated in the courts of the State of New York or in the federal courts sitting in the Southern District of New York, and each of the parties hereto agrees that service of process upon it by registered or certified mail at its address set forth herein shall be deemed adequate and lawful. The Company shall indemnify R&R against any liabilities arising under the Securities Act of 1933, as amended, attributable to any information supplied or omitted to be

supplied to any investor by the Company pursuant to this Agreement. The Company acknowledges and agrees that R&R is not and shall not be construed as a fiduciary of the Company and shall have no duties or liabilities to the equity holders or the creditors of the Company or any other person by virtue of this Agreement or the retention of R&R hereunder, all of which are hereby expressly waived.

This Agreement constitutes the entire understanding and agreement between the parties hereto with respect to its subject matter and there are no agreements or understandings with respect to the subject matter hereof which are not contained in this Agreement. This Agreement may be modified only in writing signed by the party to be charged hereunder.

If the foregoing correctly sets forth our agreement, please confirm this by signing and returning to us the duplicate copy of this letter.

Very truly yours,

RODMAN & RENSHAW, LLC

By: _____

Name:

Title:

Agreed to and accepted
as of the date first written above:

AASTROM BIOSCIENCES, INC.

By: _____

Name:

Title:

[DYKEMA GOSSETT PLLC LETTERHEAD]

400 Renaissance Center
Detroit, Michigan 48243
WWW.DYKEMA.COM
Tel: (313) 568-6800
Fax: (313) 568-6658

October 28, 2004

Aastrom Biosciences, Inc.
Domino's Farms, Lobby L
24 Frank Lloyd Wright Drive
Ann Arbor, MI 48105

Re: Prospectus Supplement to Registration Statement on Form S-3 (Reg. No. 333-108964)

Gentlemen:

As special counsel to Aastrom Biosciences, Inc., a Michigan corporation (the "Company"), we are rendering this opinion in connection with the filing with the Securities and Exchange Commission (the "Commission") of a prospectus supplement to the Company's registration statement on Form S-3, Reg. No. 333-108964 (the "Registration Statement"), under the Securities Act of 1933, as amended (the "Act"). The Prospectus Supplement relates to (i) the issuance by the Company of up to 8,264,463 shares of the Company's Common Stock (the "Shares") and warrants to purchase up to 2,066,116 shares of the Company's Common Stock (the "Warrants") pursuant to two Stock Purchase Agreements and a related Letter Agreement, and (ii) the issuance of up to 2,564,984 shares of the Company's Common Stock issuable upon the exercise of the Warrants and upon exercise of certain warrants issued pursuant to the Letter Agreement (collectively, the "Warrant Shares").

In this connection, we have examined the Registration Statement (including the exhibits thereto), the Prospectus Supplement, the Stock Purchase Agreements, the Letter Agreement, the originals or copies, certified or otherwise identified to our satisfaction, of the Restated Articles of Incorporation and the Bylaws of the Company amended to date, resolutions of the Company's Board of Directors and such other documents and corporate records relating to the Company and the issuance and sale of the Shares, the Warrants, and the Warrants Shares, as we have deemed appropriate.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the conformity to original documents of all photostatic and facsimile copies submitted to us, and the due execution and delivery of all documents by any party where due execution and delivery are a prerequisite to the effectiveness thereof. We have assumed the Stock Purchase Agreements and the Letter Agreement are enforceable in accordance with their respective terms. As to any facts material to the opinion expressed herein

Aastrom Biosciences, Inc.
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that were not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Company. We have assumed that payment and delivery of the Shares, the Warrants and the Warrant Shares is made in accordance with the terms set forth in the agreements and other documents relating to the issuance and sale of the Shares, the Warrants, and the Warrant Shares and that the terms set forth in such agreements and other documents are in accordance with the resolutions of the Company's board of directors approving the issuance and sale of the Shares, the Warrants and the Warrant Shares. In addition, we have assumed that the certificates representing the Shares and the Warrant Shares will be duly executed and delivered.

On the basis of the foregoing, we are of the opinion that the Shares, the Warrants and, when issued against payment of the exercise price therefor and in accordance with the Warrants, the Warrant Shares will be duly authorized, validly issued, fully paid, and non-assessable.

The opinion expressed herein is based exclusively on the applicable provisions of the Michigan Business Corporation Act as in effect on the date hereof.

We hereby consent to the reference to our firm under the caption "Legal Matters" in the Prospectus Supplement and to the filing of this opinion as an exhibit to the Registration Statement (through incorporation by reference from a Current Report on Form 8-K). Such consent does not constitute a consent under Section 7 of the Act, since we have not certified any part of such Registration Statement and do not otherwise come within the categories of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

DYKEMA GOSSETT, PLLC