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 9, 2017**

Vericel Corporation
(Exact name of registrant as specified in its charter)

Michigan	**001-35280**	**94-3096597**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

64 Sidney St. **Cambridge, Massachusetts**	**02139**
(Address of principal executive offices)	(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:

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Item 1.01. Entry into a Material Definitive Agreement.

License Agreement.

On May 9, 2017, Vericel Corporation ("Vericel" or the "Company") entered into a license agreement (the "License Agreement") with "□□□□□□□□□□ □□□□" (Innovative Cellular Therapeutics CO., LTD.) ("ICT") pursuant to which the Company granted ICT an exclusive license to certain patent rights, know-how and other intellectual property relating to Epicel®, Ixmyelocel-T®, MACI® and Carticel® (the "Licensed Products").

Under the agreement, ICT obtained exclusive rights to research, develop, use, make, have made, offer to sell, have offered to sell, sell, have sold, supply, cause to be supplied, import, export, transfer, and otherwise develop, manufacture and commercialize the Licensed Products and certain improvements thereto in greater China (including mainland China, Taiwan, Hong Kong and Macau), South Korea, Vietnam, Laos, Cambodia, Thailand, Myanmar, Malaysia, Indonesia, East Timor, Philippines, Brunei and Singapore (the "Territory"), including certain rights to grant sublicenses. The licensed patent rights include any patent right controlled by Vericel or its affiliates as of the effective date or during the term of the License Agreement that is necessary or useful for the Licensed Products or the development, manufacture or commercialization thereof, but excluding certain improvement patent rights. Vericel reserves for itself the non-exclusive right to research, develop, use, make, have made, supply, cause to be supplied, and import or transfer for the sole purpose of the foregoing, Licensed Products in the Territory solely for internal use or to conduct pre-clinical research, including manufacturing Licensed Products for use in the performance of such research. The development activities of both Vericel and ICT with respect to the Licensed Products will be overseen by a joint steering committee.

Within sixty days after May 9, 2017, ICT shall pay Vericel $6,000,000 (the "Upfront Payment"), less certain withholding taxes described below. The initiation of the technology transfer and the license grants in the License Agreement are contingent upon Vericel's receipt of the Upfront Payment.

Vericel is also eligible to receive from ICT up to an aggregate of $7,750,00 for milestone payments related to development and commercialization in the Territory. ICT has also agreed to pay tiered royalties to Vericel in the low double digits (such royalty rates to be dependent on the annual aggregate net sales of the applicable Licensed Product) for the commercial life of the applicable Licensed Product, with a deduction on a country by country and Licensed Product by Licensed Product basis, in the event any competitive product to such Licensed Product is sold in a country in the Territory.

The foregoing description of the material terms of the License Agreement does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the License Agreement, which will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 or as an amendment to this Form 8-K.

Warrant.

In connection with the entry into the License Agreement and pursuant to the Side Letter, dated May 9, 2017, by and between Vericel and ICT, upon Vericel's receipt of the Upfront Payment, and as consideration for an amount included in the Upfront Payment equal to $5,000,000.00 minus the withholding income taxes payable thereon (such amount, the "Warrant Purchase Price"), the Company will issue ICT a warrant (the "Warrant") to purchase, at an exercise price of $0.01 per share, an aggregate number of shares of the Company's common stock, equal to the Warrant Purchase Price divided by (y) 2.55, rounded down to the nearest whole number. The Warrant will be exercisable for three months from the day of issuance.

The foregoing description of the terms of the Warrant is only a summary and is qualified in its entirety by reference to the Form of Warrant, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.02. Unregistered Sales of Equity Securities.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

We offered the foregoing Warrant in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The recipient will acquire the Warrant for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends will be affixed to the Warrant.

Item 7.01. Regulation FD Disclosure.

On May 10, 2017, the Company issued a press release announcing the License Agreement and the Warrant. A copy of this press release is filed herewith as Exhibit 99.1.

The information in the press release attached as Exhibit 99.1 is intended to be furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	10.3+ Form of Warrant issued by the Company to ICT
99.1++	Press release dated May 10, 2017.

+ Filed herewith.
++ Furnished herewith.

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.

Vericel Corporation

Date: May 15, 2017

By: /s/ Gerard Michel
Name: Gerard Michel
Title: Chief Financial Officer and Vice President, Corporate Development

Exhibit Index

Exhibit No.	Description
10.1	10.3+ Form of Warrant issued by the Company to ICT
99.1++	Press release dated May 10, 2017.

+ Filed herewith.
++ Furnished herewith.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 8.3 AND 8.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: Vericel Corporation, a Michigan corporation
Number of Shares: [ ]
Type/Series of Stock: Common Stock, no fat value per share
Warrant Price: $0.01 per Share, subject to adjustment
Issue Date: , 2017

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, Innovative Cellular Therapeutics CO., LTD. (the "**Investor**," and together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase up to such number above-stated of fully paid and non-assessable shares of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") at the above-stated Warrant Price, on or before [insert date three months from the issue date] (the "**Expiration Date**"), all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant (such purchased shares, the "**Purchased Shares**").

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, and a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If shares of the Class are then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**"), the fair market value of a Share shall be the closing price or last sale price of a share of the Class reported for the business day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If shares of the Class are not then traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company; (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition, the Company shall notify the Holder in writing at least ten (10) days prior to the closing of the Acquisition and will afford the Holder an opportunity, subject to the terms and conditions of this Warrant, to exercise this Warrant prior to the Acquisition. In the event of an Acquisition in which the Holder has been given notice under this Section 1.6 and the Holder has not elected to exercise the Warrant, then this Warrant will expire immediately prior to the consummation of such Acquisition.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in additional shares of the Class or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder that all Shares which may be issued upon the exercise of this Warrant shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class and other securities as will be sufficient to permit the exercise in full of this Warrant.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class; or

(c) to liquidate, dissolve or wind up;

then, in connection with each such event, the Company shall give Holder notice thereof at the same time and in the same manner as the Company notifies the holders of the outstanding shares of the Class.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the Shares to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

4.6 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

SECTION 5. STANDSTILL.

5.1 Standstill. During the Standstill Term, neither the Investor nor the Holder nor any of its Affiliates (collectively, the "**Standstill Parties**") shall (and the Holder shall cause its Affiliates not to), except as expressly approved or invited in writing by the Company:

(a) directly or indirectly, acquire beneficial ownership of Shares of Then Outstanding Common Stock and/or Common Stock Equivalents, or make a tender, exchange or other offer to acquire Shares of Then Outstanding Common Stock and/or Common Stock Equivalents, if after giving effect to such acquisition, the Standstill Parties would beneficially own more than the Standstill Limit; provided, however, that notwithstanding the provisions of this Section 5.1(a), if the number of shares constituting Shares of Then Outstanding Common Stock is reduced or if the aggregate ownership of the Standstill Parties is increased as a result of a repurchase by the Company of Shares of Then Outstanding Common Stock, stock split, stock dividend or a recapitalization of the Company, the Standstill Parties shall not be required to dispose of any of their holdings of Shares of Then Outstanding Common Stock even though such action resulted in the Standstill Parties' beneficial ownership totaling more than the Standstill Limit;

(b) directly or indirectly, (i) seek to have called any meeting of the stockholders of the Company, (ii) propose or nominate for election to the Company's Board of Directors any person whose nomination has not been approved by a majority of the Company's Board of Directors or (iii) unless a person referred to in the foregoing clause (ii) is nominated by a third party in connection with such party's publicly announced and not withdrawn Acquisition Proposal, fail to cause to be voted in accordance with the recommendation of the Company's Board of Directors with respect to such person for election to the Company's Board of Directors any Shares of Then Outstanding Common Stock;

(c) directly or indirectly, encourage or support a tender, exchange or other offer or proposal by any other Person or group (an "**Offeror**") the consummation of which would result in a Change of Control of the Company (an "**Acquisition Proposal**"); provided, however, that from and after the filing of a Schedule 14D-9 (or successor form of Tender Offer Solicitation/Recommendation Statement under Rule 14d-9 of the Exchange Act) by the Company recommending that stockholders accept any such offer, Holder shall not be prohibited from taking any of the actions otherwise prohibited by this Section 5.1(c) for so long as the Company maintains and does not withdraw such recommendation;

(d) directly or indirectly, solicit proxies or consents or become a participant in a solicitation (as such terms are defined in Regulation 14A under the Exchange Act) in opposition to the recommendation of a majority of the Company's Board of Directors with respect to any matter,

or seek to advise or influence any Person, with respect to voting of any Shares of Then Outstanding Common Stock of the Company;

(e) deposit any Shares of Then Outstanding Common Stock in a voting trust or subject any Shares of Then Outstanding Common Stock to any arrangement or agreement with respect to the voting of such Shares of Then Outstanding Common Stock;

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

(f) propose (i) any merger, consolidation, business combination, tender or exchange offer, purchase of the Company's assets or businesses, or similar transaction involving the Company or (ii) any recapitalization, restructuring, liquidation or other extraordinary transaction with respect to the Company;

(g) act in concert with any Third Party to take any action in clauses (a) through (f) above, or form, join or in any way participate in a "partnership, limited partnership, syndicate, or other group" within the meaning of Section 13(d)(3) of the Exchange Act;

(h) enter into discussions, negotiations, arrangements or agreements with any Person relating to the foregoing actions referred to in (a) through (g) above; or

(i) request or propose to the Company's Board of Directors, any member(s) thereof or any officer of the Company that the Company amend, waive, or consider the amendment or waiver of, any provisions set forth in this Section 5.1 (including this clause (i));

provided, however, that (A) nothing contained in this Section 5.1 shall prohibit the Holder from making confidential, non-public proposals to, or entering into confidential, non-public discussions, negotiations, arrangements or agreements with, the Company and with third parties with the express authorization of the Company, which the Holder or any Affiliate may request in a confidential, non-public manner, regarding a transaction or matter of the type described in the foregoing clauses (a) and (f), and (B) nothing in the foregoing clause (b) shall prohibit the Holder from proposing to the Company's Governance and Nominating Committee (and not pursuant to the advance notice provisions set forth in the Company's bylaws), in a confidential, non-public manner, potential director candidates for consideration by the Company's Governance and Nominating Committee, which candidates the Holder believes would be in the best interest of the Company and its stockholders.

5.2 Company Agreements.

(a) During the Standstill Term, the Company shall not take any action or omit to take any action that would prevent or impede the Holder or its Affiliates from acquiring beneficial ownership of Shares of Then Outstanding Common Stock and/or Common Stock Equivalents to the extent that, after giving effect to such acquisition, the Standstill Parties would beneficially own less than the Standstill Limit, including by adopting a shareholder rights plan applicable to the Standstill Parties that contains a threshold below the Standstill Limit if such shareholder rights plan does not otherwise permit the Holder to beneficially own up to the Standstill Limit, provided, however, that nothing contained in this Section 5.2 or elsewhere in this Warrant shall affect the Company's ability to (i) take and disclose a position in accordance with Rule 14d-9, Rule 14e-2(a) or Item 1012(a) of Regulation MA promulgated under the Exchange Act or (ii) make any disclosure to the Company's stockholders, in each case if, in the good faith judgment of the Company's Board of Directors, the failure to take such position and/or make such disclosure would be inconsistent with the directors' fiduciary duties under applicable law or any disclosure requirements under applicable law. During the Standstill Term, Holder shall, and shall cause its Affiliates to, not take any action or omit to take any action that would prevent or impede the Company or its Affiliates from maintaining and enforcing the provisions of the Shareholder Rights Agreement, dated August 11, 2011, by and between the Company and Continental Stock Transfer & Trust Company, as amended and in effect on the date hereof (the "**Rights Plan**"), including without limitation, by voting (or, if applicable, by executing a written consent with respect to) all of its and their Shares of Then Outstanding Common Stock in favor of any renewal of such shareholder rights plan or adoption of a replacement shareholder rights plan in each case that is materially consistent with the Rights

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

Plan should the Company submit such renewal or adoption to the stockholders of the Company for their approval.

(b) Following expiration of the Standstill Term, the Company shall not take any action or omit to take any action that would force the Holder to dispose of any of its holdings of Shares of Then Outstanding Common Stock.

(c) Upon the expiration of the Standstill Term (the "**Potential Standstill Term Expiration Date**"), in the event that the Standstill Parties beneficially own, in the aggregate, at least fifteen percent (15%) of the Shares of Then Outstanding Common Stock, the Holder may deliver to the Company not later than five (5) business days following a Potential Standstill Term Expiration Date a written notice electing to reinstate the provisions of Section 5 and continue the Standstill Term as provided in this Section 5.2(c) (the "**Election Notice Date**"). If such election is made, the provisions of Section 5 shall be reinstated and the provisions of such sections, including the Standstill Term, shall be deemed to have remained in effect at all times without interruption or tolling notwithstanding the occurrence of a Potential Standstill Term Expiration Date; provided, however, that the "Standstill Limit" shall instead be the percentage of Shares of Then Outstanding Common Stock beneficially owned, in the aggregate, by the Standstill Parties as of the Potential Standstill Term Expiration Date. Following the Election Notice Date, the "Standstill Term" shall terminate on the date on which the Standstill Parties beneficially own, in the aggregate, less than fifteen percent (15%) of the Shares of Then Outstanding Common Stock.

SECTION 6. LOCK-UP.

6.1 Lock-up. From and after the date of this Warrant and until the earlier of [•](1) or six months after the date on which this Warrant has been fully exercised (the "**Lock-Up Term**"), without the prior approval of the Company, the Holder shall not and it shall cause its Affiliates not to, dispose of (x) any of the Purchased Shares or any shares of Common Stock beneficially owned by any Standstill Party as of the date of this Warrant, together with any shares of Common Stock issued in respect thereof as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalization, and (y) any Common Stock issued as (or issuable upon the exercise of any wan-ant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange or in replacement of, the shares of Common Stock described in clause (x) of this sentence; provided, however, that the foregoing shall not prohibit the Holder from (A) transferring any of the foregoing to a Permitted Transferee and (B) Disposing of any of the foregoing in order to reduce the beneficial ownership of the Standstill Parties to 19.9% or other level, as advised in good faith and in writing by Holder's certified public accountants, that would not require the Holder to include in its financial statements its portion of the Company's financial results, of the Shares of Then Outstanding Common Stock, provided that any Disposition referred to in this clause (B) shall be subject to the restrictions and requirements set forth in Section 6.2; provided, further, that from and after the date of this Warrant and until [*], 2020,(2) without the prior approval of the Company, the Holder shall not, and shall cause its Affiliates not to, Dispose of more than twenty-five percent (25%) of the foregoing in any one calendar quarter, provided that any Disposition referred to in this clause shall be subject to the restrictions and requirements set forth in Section 6.2.

(1) [Note to Draft: Date that is six months after the expiration date.]
(2) [Note to Draft: 3 years after the date of the Closing Date.]

6.2 Limitations Following Lock-Up Term. Except for any transfer of Purchased Shares by the Holder to a Permitted Transferee, the Holder shall not, and it shall cause its Affiliates not to, Dispose of any Purchased Shares at any time after the expiration of the Lock-Up Term except (i) pursuant to a registered underwritten public offering, (ii) in a manner consistent with the volume limitations set forth in Rule 144 under the Securities Act (whether or not such limitations would by their terms apply to such sales), (iii) pursuant to privately negotiated sales in transactions exempt from the registration requirements under the Securities Act to mutual funds or pension funds, each of which will not be required, based on its ownership of Shares of Then Outstanding Common Stock immediately following the contemplated transaction, to file a Schedule 13D with respect to its ownership of the Shares of Then Outstanding Common Stock disclosing in response to Item 4 of such filing any plans or proposals described in clauses (a) through (j) of such Item (the "**Funds**"), or to which the Company has no reasonable objection with respect to (x) the nature of the transferee or (y) the ability of the transferee to subsequently sell such Shares of Then Outstanding Common Stock and/or Common Stock Equivalents into the market without having a material and adverse impact on the market price of the Company's Common Stock; provided that, in the case of this clause (iii), other than with respect to the Funds, any transferee that acquires more than five percent (5%) of the Shares of Then Outstanding Common Stock shall agree to be bound by the transfer limitations set forth in this Section 6.2 and the standstill limitations set forth in Section 5.1, or (iv) in any transaction approved by the Company.

6.3 Certain Tender Offers. Notwithstanding any other provision of this Section 6, this Section 6 shall not prohibit or restrict any Disposition of Purchased Shares by the Standstill Parties into (a) a tender offer by a Third Party which is not opposed by the Company's Board of Directors (but only after the Company's filing of a Schedule 14D-9, or any amendment thereto, with the SEC disclosing the recommendation of the Company's Board of Directors with respect to such tender offer), unless Holder is then in breach of its obligations pursuant to Section 6.1 with respect to the tender offer or (b) an issuer tender offer by the Company.

6.4 Offering Lock-Up. If the Holders together beneficially own at least five percent (5%) of the Shares of Then Outstanding Common Stock, the Holders shall, if requested by the Company and an underwriter of Common Stock of the Company, agree not to Dispose of any Purchased Shares for a specified period of time, such period of time not to exceed ninety (90) days. Such agreement shall be in writing in a form satisfactory to the Company, the underwriter(s) in such offering and shall contain customary exceptions to the restrictions set forth therein. The Company may impose stop transfer instructions with respect to the Purchased Shares to the extent consistent with any such agreement until the end of the specified period of time. The foregoing provisions of this Section 6.4 shall apply to the Holders only if the Company's directors, officers and any holders of an equal or greater number of Shares of Then Outstanding Common Stock that are party to a collaboration, license or similar agreement with the Company are subject to similar lock-up restrictions. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders subject to such agreements, based on the number of shares subject to such agreements.

SECTION 7. DEFINED TERMS

7.1 Definitions. As used in this Warrant, the following terms shall have the following meanings:

(a) "**Change of Control**" shall mean, with respect to the Company, any of the following events: (i) any Person is or becomes the beneficial owner (except that a Person shall be deemed to have beneficial ownership of all shares that any such Person has the right to acquire, whether

such right which may be exercised immediately or only after the passage of time), directly or indirectly, of a majority of the total voting power represented by all Shares of Then Outstanding Common Stock; (ii) the Company consolidates with or merges into another corporation or entity, or any corporation or entity

consolidates with or merges into the Company, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) a majority of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, (B) a merger or consolidation which would result in a majority of the board of directors of the combined entity being comprised of members of the board of directors of the pre-transaction Company and the chief executive officer of the combined entity being the chief executive officer of the pre-transaction Company, in each case immediately following the consummation of such merger or consolidation, or (C) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person becomes the beneficial owner, directly or indirectly, of a majority of the total voting power of all Shares of Then Outstanding Common Stock or (iii) the Company conveys, transfers or leases all or substantially all of its assets to any Person other than a wholly owned Affiliate of the Company.

(b) "**Common Stock Equivalents**" shall mean any options, warrants or other securities or rights convertible into or exercisable or exchangeable for, whether directly or following conversion into or exercise or exchange for other options, warrants or other securities or rights, shares of Common Stock.

(c) "**Disposition**" or "**Dispose of**" shall mean any (i) pledge, sale, contract to sell, sale of any option or contract to purchase, purchase of any option or contract to sell, grant of any option, right or warrant for the sale of, or other disposition of or transfer of any shares of Common Stock, or any Common Stock Equivalents, including, without limitation, any "short sale" or similar arrangement, or (ii) swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of shares of Common Stock, whether any such swap or transaction is to be settled by delivery of securities, in cash or otherwise.

(d) "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

(e) "**Permitted Transferee**" shall mean (i) a controlled Affiliate of the Investor that is wholly owned, directly or indirectly, by the Investor, or (ii) a controlling Affiliate of the Investor (or any controlled Affiliate of such controlling Affiliate) that wholly owns, directly or indirectly, the Investor; it being understood that for purposes of this definition "wholly owned" shall mean an Affiliate in which the Investor owns, directly or indirectly, at least ninety-nine percent (99%) of the outstanding capital stock of such Affiliate.

(f) "**Person**" shall mean any individual, limited liability company, partnership, firm, corporation, association, trust, unincorporated organization, government or any department or agency thereof or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

(g) "**SEC**" shall mean the United States Securities and Exchange Commission.

(h) "**Shares of Then Outstanding Common Stock**" shall mean, at any time, the issued and outstanding shares of Common Stock at such time, as well as all capital stock issued and outstanding as a result of any stock split, stock dividend, or reclassification of Common Stock distributable, on a pro rata basis, to all holders of Common Stock.

(i) "**Standstill Limit**" shall mean fifteen percent (15%) of the Shares of Then Outstanding Common Stock.

(j) "**Standstill Term**" shall mean the period from and after the date of this Warrant and until [•], 2020.(3)

(k) "**Third Party**" shall mean any Person other than the Investor, the Company or any of their respective Affiliates.

SECTION 8. MISCELLANEOUS.

8.1

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Eastern time, on the Expiration Date and the right to exercise the Warrant shall be void thereafter; provided that, notwithstanding the foregoing, all agreements, covenants, representations and warranties contained in Sections 5, 6, 7 and 8 of this Warrant shall survive the execution and delivery of this Warrant and the expiration or other termination of this Warrant.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares issued upon such exercise to Holder.

8.2 Legends. Each certificate evidencing Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER DATED , 2017, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO TFIE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

(3) [Note to Draft: 3 years after the date of the Closing Date.]

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

8.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to Permitted Transferee, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

8.4 Transfer Procedure. Subject to the provisions of Sections 8.3 and 6.3, the Holder may not, without the Company's prior written consent, transfer all or any part of this Warrant or the Shares issued upon exercise of this Warrant to any transferee except to a Permitted Transferee, provided, further, that in connection with any such transfer, the Holder will give the Company notice of the portion of the Warrant and/or Shares being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Wan-ant. Notwithstanding any contrary provision herein, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

8.5 Termination of Standstill Agreement. Section 5, other than Sections 5.2(b) and (c), shall terminate and have no further force or effect, upon the earliest to occur of:

(a) provided that none of the Standstill Parties has violated Section 5.1(c), (d) or (f) with respect to the Offeror referred to in this clause (a), the public announcement by the Company or any Offeror of any definitive agreement between the Company and such Offeror and/or any of its Affiliates providing for a Change of Control of the Company;

(b) the expiration of the Standstill Term (subject to revival as set forth in the definition of such term);

(c) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act; and

(d) a liquidation or dissolution of the Company;

provided, however, that if Section 5 terminates due to clause (a) above and such agreement is abandoned and no other similar transaction has been announced and not abandoned or terminated within ninety (90) days thereafter, the restrictions contained in Section 5 shall again be applicable until otherwise terminated pursuant to this Section 8.5.

8.6 Termination of Lock-Up. Section 6 shall terminate and have no further force or effect upon the earliest to occur of:

(a) the consummation by an Offeror of a Change of Control of the Company;

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

(b) a liquidation or dissolution of the Company;

(c) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act; and

(d) the expiration or termination of the Standstill Term.

8.7 Effect of Termination. No termination pursuant to any of Sections 8.5 or 8.6 shall relieve any of the parties (or the Permitted Transferee, if any) for liability for breach of or default under any of their respective obligations or restrictions under any terminated provision of this Warrant, which breach or default arose out of events or circumstances occurring or existing prior to the date of such termination.

8.8 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iii) on the first business day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 8.8. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Innovative Cellular Therapeutics CO., LTD.
Shanghai Zhangjiang Hi-Tech Park
998 Halei Road
Building 4, Room 201
Shanghai, China 201203
Attention: Jimmy Wei, Chief Executive Officer
Telephone: 011-021-589-50719
Facsimile: 011-021-589-50719
Email address: weijianzhong@sidansai.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Vericel Corporation
Attn: Chief Financial Officer
64 Sidney Street
Cambridge, MA 02139
Telephone: (617)588-5555
Facsimile: (617)588-5554
Email: [***]

With a copy (which shall not constitute notice) to:

Vericel Corporation
Attn: General Counsel
64 Sidney Street
Cambridge, MA 02139

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

Telephone: (617)588-5555
Facsimile: (617) 588-5554

8.9 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

8.10 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

8.11 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

8.12 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles regarding conflicts of law.

8.13 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

[Remainder of page left blank intentionally]
[Signature page follows]

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

VERICEL CORPORATION

By: _____

Name: _____
(Print)

Title:

"HOLDER"

INNOVATIVE CELLULAR
THERAPEUTICS CO., LTD.

By: _____

Name: _____
(Print)

Title:

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT WERE OMITTED AND REPLACED WITH "[***]". A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED SEPARATELY WITH THE SECRETARY OF THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO AN APPLICATION REQUESTING CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase shares of the Common Stock of Vericel Corporation (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

[ ] check in the amount of $ payable to order of the Company enclosed herewith

[ ] Wire transfer of immediately available funds to the Company's account

[ ] Cashless Exercise pursuant to Section 1.2 of the Warrant

[ ] Other [Describe]

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____
_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

By: _____

Name: _____

Title: _____

(Date): _____

Vericel Licenses Product Portfolio to Innovative Cellular Therapeutics for Distribution in China, South Korea, and other Countries in Southeast Asia

CAMBRIDGE, MA and SHANGHAI, CHINA, May 10, 2017 (GLOBE NEWSWIRE) —Vericel Corporation (Nasdaq:VCEL), a leading developer of expanded autologous cell therapies for the treatment of patients with serious diseases and conditions, today announced that it has entered into a License Agreement with Innovative Cellular Therapeutics (ICT), a leading China-based cell therapy company and developer of CAR-T cell therapy for cancer treatment, for development, manufacturing and commercialization of the Vericel product portfolio. Under the terms of the agreement, ICT will acquire exclusive rights to develop and distribute Carticel®, MACI®, Ixmyelocel-T, and Epicel® in Greater China, South Korea, Singapore, and other countries in the region. In connection with the license agreement, ICT will also enter in a warrant agreement with Vericel.

Under the terms of the license agreement, Vericel will receive an upfront payment of $6.0 million. In addition, Vericel is eligible to receive approximately $8.0 million in development and commercial milestones. ICT has also agreed to pay tiered royalties to Vericel equal to a percentage of net sales of each licensed product in the low to middle double digits. ICT will be responsible for funding the development of the programs and manufacturing the products for commercialization in China and the rest of the territory. In connection with the license agreement and under the terms of the warrant agreement, Vericel will issue to ICT a warrant, exercisable for the number of shares of Vericel's Common Stock equal to $5,000,000 less any withholding tax payable divided by Vericel's closing price on May 9, 2017, with an exercise price of $0.01 per share. The funding transfer is subject to approval by the State Administration of Foreign Exchange of the People's Republic of China and is expected to conclude in the third quarter of 2017.

"We are very pleased to have a strategic collaboration and develop a relationship with a leading cell therapy company in China, to begin to develop a global footprint for our product portfolio, and to create another potential revenue stream for the Company," said Nick Colangelo, president and CEO of Vericel.

Dr. Lei Xiao, Chairman of ICT commented "MACI, Epicel and Carticel are FDA approved products and have successfully treated thousands of patients in United States. Ixmyelocel-T has been evaluated in a phase II study in the U.S., and the encouraging data suggest that it may be a treatment option for millions of heart failure patients. This collaboration enables ICT to bring world-class cell therapy products to China and other Asian countries which will benefit the patients in multiple therapeutic indications. By combining with our advanced CAR-T portfolio, ICT further strengthens its leadership position in Cell Therapies in Asia."

About Vericel Corporation

Vericel develops, manufactures, and markets expanded autologous cell therapies for the treatment of patients with serious diseases and conditions. The company markets three cell therapy products in the United States. Vericel is marketing MACI® (autologous cultured chondrocytes on porcine collagen membrane), an autologous cellularized scaffold product indicated for the repair of symptomatic, single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. Carticel® (autologous cultured chondrocytes) is an autologous chondrocyte implant for the treatment of cartilage defects in the knee in patients who have had an inadequate response to a prior arthroscopic or other surgical repair procedure. Epicel® (cultured epidermal autografts) is a permanent skin replacement for the treatment of patients with deep dermal or full thickness burns greater than or equal to 30% of total body surface area. Vericel is also developing ixmyelocel-T, an autologous multicellular therapy intended to

---

treat advanced heart failure due to ischemic dilated cardiomyopathy. For more information, please visit the company's website at www.vcel.com.

About MACI®

MACI® (autologous cultured chondrocytes on porcine collagen membrane) is an autologous cellular scaffold product that is indicated for the repair of symptomatic single or multiple full-thickness cartilage defects of the knee with or without bone involvement in adults. The MACI implant consists of autologous cultured chondrocytes seeded onto a resorbable Type I/III collagen membrane. Autologous cultured chondrocytes are human-derived cells which are obtained from the patient's own cartilage for the manufacture of MACI.

About Epicel®

Epicel® therapy treats severe burn patients with more than 30% of their total body surface area burned with Cultured Epidermal Autografts, also known as CEA. Vericel recently presented data demonstrating an 84% survival rate from the Epicel clinical experience databases in over 950 patients with a mean TBSA of 67%, which continues to support a probable survival benefit of Epicel in severe burn patients. This therapy will address a large unmet need in China where burn patients currently have limited treatment options.

About Ixmyelocel-T

Ixmyelocel-T is an investigational autologous expanded multicellular therapy manufactured from the patient's own bone marrow using Vericel's proprietary, highly automated, fully closed cell-processing system. This process selectively expands the population of mesenchymal stromal cells and alternatively activated macrophages, which are responsible for production of anti-inflammatory and pro-angiogenic factors known to be important for repair of damaged tissue. Ixmyelocel-T has been designated as an orphan drug by the U.S. Food and Drug Administration for use in the treatment of DCM.

About the ixCELL-DCM Trial

The ixCELL-DCM clinical trial was a multicenter, randomized, double-blind, placebo-controlled Phase 2b study designed to assess the efficacy, safety and tolerability of ixmyelocel-T compared to placebo when administered via transendocardial catheter-based injections to participants with end-stage heart failure due to ischemic DCM, who have no reasonable revascularization options (either surgical or percutaneous interventional) likely to provide clinical benefit. All participants were on maximized pharmacological heart failure treatment and had an automatic implantable cardiac defibrillator or cardiac resynchronization

therapy. The primary endpoint of the ixCELL-DCM clinical trial is the number of all-cause deaths, cardiovascular hospital admissions, and unplanned outpatient and emergency department visits to treat acute decompensated heart failure over the 12 months following administration of ixmyelocel-T compared to placebo. Primary endpoint results were presented in a late-breaking clinical trial session at the American College of Cardiology's (ACC) 65th Annual Scientific Session. The ixCELL-DCM trial met its primary endpoint with a 37% reduction in the composite endpoint, primarily driven by a reduction in all cause deaths and cardiovascular hospitalizations. In addition, this study showed internal consistency (ie, repeatability) in observable or "hard" efficacy endpoints of survival and cardiovascular hospitalizations (total number and time to events), reduction in ventricular arrhythmias, and safety results including major cardiac adverse events (MACE), serious adverse events (SAEs), deaths, and intravenous pharmacological treatment for heart failure. Because the trial met the primary endpoint, patients who received placebo or were randomized to ixmyelocel-T in the double-blind portion of the trial but did not receive ixmyelocel-T, have been offered the option to receive treatment with ixmyelocel-T. Ixmyelocel-T received Fast Track Designation by the FDA in February of this year and Regenerative

---

Medicine Advanced Therapy Designation by the FDA in May of this year, both of which highlight the potential of this cell therapy to address unmet clinical needs for heart failure patients.

About Innovative Cellular Therapeutics

Innovative Cellular Therapeutics (ICT) is a clinical-stage cell therapy company based in Shanghai, China. ICT has established a broad portfolio of CAR-T products to treat cancer patients. ICT's proprietary 19CAR series has achieved outstanding clinical results in treating late stage leukemia and lymphoma patients who failed to respond to standard of care therapies. The company also has multiple discovery candidates targeting colorectal cancer, gastric cancer, esophageal cancer, and metastatic breast cancer as well as a universal allogeneic CAR-T therapy. For more information, please visit the company's website at www.ictbio.com.

This document contains forward-looking statements, including, without limitation, statements concerning anticipated progress, objectives and expectations regarding the commercial potential of Vericel products, intended product development, clinical activity timing, regulatory process, and objectives and expectations regarding our company described herein, 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," "can continue," "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 competitive developments, clinical trial and product development activities, regulatory approval requirements, estimating the commercial potential of our products and product candidates, market demand for our products, product performance, ability of ICT to obtain approval to transfer funds to the U.S., and our ability to supply or meet customer demand for our products. These and other significant factors are discussed in greater detail in Vericel's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission ("SEC") on March 13, 2017, Quarterly Reports on Form 10-Q and other filings with the SEC. These forward-looking statements reflect management's current views and Vericel 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.

VERICEL CONTACT:

Chad Rubin
The Trout Group
crubin@troutgroup.com
(646) 378-2947
or
Lee Stern
The Trout Group
lstern@troutgroup.com
(646) 378-2922

INNOVATIVE CELLULAR THERAPEUTICS CONTACT:
Zhao WU
wuzhao@ictbio.com
+86 (021) 5895 9719
