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**Announcement of Collaboration between Healios and Athersys for Regenerative Medicine Products Marketed in Japan using MultiStem® Cell Therapy and Fund Borrowing by Healios**

HEALIOS K.K. (“Healios”)（Head Office: Tokyo, Japan; Representative Director & President: Hardy TS Kagimoto) and Athersys, Inc. (“Athersys”) (NASDAQ: ATHX, Head Office: Cleveland, Ohio, USA: Chairman & CEO: Dr. Gil Van Bokkelen) have announced a partnership and license agreement for the development of regenerative medicine products that will be developed and marketed in Japan by Healios, making use of Athersys’ proprietary, patented stem cell product, MultiStem® cell therapy.

Under the term of the agreement, the contract has two aspects. One aspect is exclusive licensing for domestic development and distribution of products used in cellular therapy for ischemic stroke making use of the MultiStem stem cell product. The second aspect is licensing for research and development of multipotent adult progenitor cells (“MAPC®”), a primary component of the MultiStem product, as a material for the manufacturing of “organ bud” products for regenerative medicine (targeting liver disease or dysfunction) now under joint research and development by Healios and the Public University Corporation Yokohama City University (“Yokohama City University”).

Ischemic stroke is a disorder involving obstruction of brain blood vessels that cuts off the supply of oxygen and nutrients beyond the obstructed site, causing necrosis of the nerve cells over time. The annual number of new patients with ischemic stroke is estimated at 230,000～330,000 (referencing both Ministry of Internal Affairs and Communication(MIC) and Datamonitor epidemiological estimates) and the annual number of deaths from this disorder estimated at about 66,000 (MHLW Population Statistics). Even in patients surviving after onset of this disorder, disabilities tend to remain, often resulting in bed-ridden state or requiring assistance in daily living. Treatment of ischemic stroke uses a hemolytic agent t-PA, which can dissolve blood clots in the brain vessels. However, administration of t-PA is limited to patients within 4.5 hours after onset of this disorder, and only a small percentage of patients receive treatment with this therapy as a result of this narrow time window. Thus, development of a new drug that can be used during a longer period of time after onset of ischemic stroke is needed.

MultiStem is an “off-the shelf” stem cell therapy created by Athersys, that is believed to convey therapeutic efficacy through suppressing inflammation and immune reactions, and stimulating the formation of neuroprotective substances. The phase II clinical study, conducted by Athersys in U.S. and U.K., demonstrated significant alleviation of neurological symptoms among ischemic stroke patients that were treated within 36 hours of the occurrence of an ischemic stroke, including among patients that received either tPA or mechanical reperfusion. Patients receiving MultiStem also showed reduced mortality and occurrence of life threatening adverse events, as well as fewer secondary infections at 90 days after intravenous MultiStem administration.

“In the phase II trials of the cellular therapy for strokes (treatment with MultiStem) that has been conducted in U.S. and U.K., it was demonstrated that neurological symptoms showed the potential for considerable improvement compared to placebo. Furthermore, in the results of secondary analysis showed that administration of Athersys’ MultiStem product demonstrated potential as an effective treatment for patients within 18-36 hours after the occurrence of stroke,” observed Dr. Kiyohiro Houkin (Chairman and Professor of Neurosurgery of Hokkaido University Medical School, and President of Hokkaido University Hospital). “During the hyperacute period, this treatment method of injecting pre-prepared cells intravenously is highly versatile and simple; if its validity can be confirmed, it is expected that it could become a standard treatment and has the potential to bring a great revolution in the treatment of stroke.”

In Japan, two companies listed on the stock exchange filed an application for approval of their products for use in regenerative medicine, in accordance with the amended Pharmaceutical Affairs Law enforced in November 2014 (the Drugs and Medical Devices Act). These two products were approved by the MHLW in September 2015 and were included in the National Health Insurance (NHI) drug price list in November of the same year. One of the two products is the first product of allogeneic origin (originating from other human’s cells) used in Japan for regenerative medicine. The other product was approved under special conditions and duration of validity under the smooth approval system adopted at the time of the recent law amendment. Both products were approved soon (within one year) after application for approval, in accordance with the Japanese Government’s policy of actively promoting commercialization of products used in regenerative medicine. Healios believes that pharmaceutical products making use of Athersys’ MultiStem cell therapy product will contribute to treatment of ischemic stroke in Japan. We plan to take preparative steps so that clinical trials on such products can be started during second half of 2016.

Under the license agreement with Athersys, Healios acquired the right of using MAPC cells for treatment of liver disease or dysfunction in connection with development of products for regenerative medicine designed to create functional human organs in the living body through implantation of organ buds (rudiment) prepared with iPS cells now under joint research by Healios and Yokohama City University (“three-dimensional organ”). MAPC cells are produced from marrow-derived stem cells, and are thus capable of differentiating into mesenchymal stem cells. Development of 3-dimensional cells necessitates artificial creation of the organ bud serving as the base of the organ by incubation of 3 types of cell (endodermal cells, vascular endothelial cells and mesenchymal stem cells). Because establishment of the large-scale incubation technology for mesenchymal stem cells will take more time, we now consider to evaluate the feasibility of preparing the organ buds from Athersys’ MAPC cells (whose

large-scale incubation has already succeeded) instead of mesenchymal stem cells. This plan is based on the view that use of Athersys' MAPC cells (which can be incubated on a large scale) instead of mesenchymal stem cells will allow reducing the production cost.

On the basis of this contract, Healios will pay an up-front payment of $15 million US dollars, and a total of $30 million US dollars at maximum as the developmental milestones corresponding to the stages of development. After launch of the products in Japan, Athersys will supply its product to Healios, and Healios will pay royalty equivalent to a certain percentage of the amount of sales to Athersys.

Further, at the meeting of the Board of Directors of Healios held today, a decision was made to borrow funds (2 billion Yen) from 4 banks（Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Trust Bank, Ltd.） primarily for the purpose of ensuring the cash available at our company. Development funds of this license is expected to be covered in this debt and cash on hand.

After an initial payment, milestones payments and the interest payable for this borrowing are taken into account, the financial statement for the term ending December 2016 Healios will list a general and administrative expenses of approximately 2.1 billion Yen as research and development costs and a non-operating expense of about 30 million Yen.

(Reference information)

Terminology

Stem cells：A cell having the self-replicating potential (ability to proliferate by oneself) and the pluripotency (capability to differentiate into various cells). Stem cells can be divided into somatic stem cells that can create limited types of cells (MAPC, mesenchymal stem cells, hematopoietic stem cells), and pluripotent stem cells that can differentiate into any type of cell (iPS cells, ES cells).

Borrowing outlined

(1) Lender : 4 banks（Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Trust Bank, Ltd.）
(2) Amount borrowed (plan) : 2 billion Yen
(3) Interest rate (plan) : 1.00-1.80％
(4) Date of contract (plan) : January, 2016
(5) Date of borrowing (plan) : January, 2016
(6) Date of repayment (plan) : January, 2019
(7) Mortgage (plan) : Deposit (550 million Yen)]

**About Athersys, Inc**.

Athersys is an international biotechnology company engaged in the discovery and development of therapeutic product candidates designed to extend and enhance the quality of human life. The Company is developing its MultiStem cell therapy product, a patented, adult-derived "off-the-shelf" stem cell product, initially for disease indications in the cardiovascular, neurological, inflammatory and immune disease areas, and has several ongoing clinical trials evaluating this potential regenerative medicine product.

Athersys has forged strategic partnerships and collaborations with leading pharmaceutical and biotechnology companies, as well as world-renowned research institutions to further develop its platform and products. More information is available at www.athersys.com.

**About HEALIOS K.K.**

Healios is a biotechnology venture leading the field of developing iPS cell-based products for regenerative medicine. It was founded in 2011, and listed on the stock exchange (Tokyo Security Exchange Mothers: 4593) in 2015. In Japan, the company is developing a product for treatment of age-related macular degeneration (an intractable ocular disease) jointly with Suimitomo Dainippon Pharma Co., Ltd., under the plan of obtaining approval of its manufacture/distribution in 2020. In fields other than ophthalmology, the company has started R&D of products for regenerative medicine capable of creating functional human organs (three-dimensional organs) jointly with Yokohama City University. The company may be viewed as an enterprise providing products for regenerative medicine as a solution to the significant global issue “aging of the society.” See the website（https://www.healios.co.jp/） for details.

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