

**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 6, 2017**

VERICEL CORPORATION

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation)

001-35280
(Commission
File Number)

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

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

02139
(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:

- 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))

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

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.

Item 1.01. Entry into a Material Definitive Agreement.**Loan Modification Agreement.**

On December 6, 2017, Vericel Corporation (the “Company”), a Michigan corporation, entered into a Third Loan Modification Agreement (the “Loan Modification Agreement”) between the Company, as borrower, and Silicon Valley Bank, in its capacity as Administrative Agent (“Agent”), and Silicon Valley Bank, MidCap Funding IV Trust, MidCap Funding III Trust, ELM 2016-1 Trust and MidCap Financial Trust as lenders (“Lenders”). The Loan Modification Agreement modifies certain sections of the Loan and Security Agreement dated as of September 9, 2016, by and between the Company, Agent and Silicon Valley Bank, MidCap Financial Trust, MidCap Funding III Trust and other lenders listed therein as lenders (the “Original Loan Agreement”), as amended by that certain First Loan Modification Agreement, dated as of December 30, 2016 and by that certain Second Loan Modification Agreement, dated May 9, 2017.

The Loan Modification Agreement replaces the existing facility under the Original Loan Agreement, as amended, which had an outstanding balance of \$7 million as of November 30, 2017. The expanded facility under the Loan Modification Agreement provides approximately \$8 million of incremental capital (excluding refinancing fees) to the Company and brings the total term loan balance to \$15 million. The Company will also retain the current \$10 million revolving line of credit with Silicon Valley Bank and MidCap Financial Trust which provides Vericel access to up to \$25 million of total capital.

The Loan Modification Agreement sets forth the terms of conditions of the Term Loan 2017 Advances (as defined therein), including terms of default, notice and use of proceeds. In addition, the Loan Modification Agreement modifies certain financial covenants contained in the Original Loan Agreement, as amended.

The foregoing description of the Loan Modification Agreement is qualified in its entirety by reference to the full text of the Loan Modification Agreement a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Warrant.

In connection with the entry into the Loan Modification Agreement, the Company will issue each of MidCap Funding XXVIII Trust and Silicon Valley Bank a warrant (the “Warrants”) to purchase, at an exercise price of \$4.267 per share, an aggregate number of shares of the Company’s common stock, equal to the warrant purchase price of \$115,000 divided by \$4.267, rounded down to the nearest whole number. The Warrants will be exercisable until December 6, 2023.

The foregoing description of the terms of the Warrants 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 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in response to Item 1.01 of Form 8-K above regarding the Loan Modification Agreement is incorporated by reference in response to this Item 2.03 of Form 8-K.

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 Warrants in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The recipients will acquire the Warrants 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 Warrants.

Item 7.01. Regulation FD Disclosure.

On December 7, 2017, the Company issued a press release announcing the Loan Modification Agreement. 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

<u>Exhibit No.</u>	<u>Description</u>
10.1†	Third Loan Modification Agreement, dated as of December 6, 2017, by and between the Company, Agent and Lenders.
10.2	Form of Warrant issued by the Company to each of SVB and MidCap.
99.1	Press release dated December 7, 2017.

† Confidential treatment has been requested as to certain portions thereto, which portions are omitted and will be filed separately with the Securities and Exchange Commission.

Index to Exhibits

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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.

Date: December 8, 2017

VERICEL CORPORATION

By: /s/ Gerard Michel

Name: Gerard Michel

Title: Chief Financial Officer and Vice President, Corporate
Development

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.

THIRD LOAN MODIFICATION AGREEMENT

This Third Loan Modification Agreement (this “**Loan Modification Agreement**”) is entered into as of December 6, 2017, by and among (a) **SILICON VALLEY BANK**, a California corporation (“**SVB**”), in its capacity as Administrative Agent (“**Agent**”), (b) SVB, as a Revolving Line Lender and as a Term Loan Lender, **MIDCAP FUNDING IV TRUST**, a Delaware statutory trust, as a Revolving Line Lender (in such capacity and together with its successors and assigns, “**MidCap Revolving Line Lender**”), **MIDCAP FUNDING III TRUST**, a Delaware statutory trust, **ELM 2016-1 TRUST**, a Delaware statutory trust, each as a Term Loan Lender, and **MIDCAP FINANCIAL TRUST**, a Delaware statutory trust, as a Term Loan 2017 Lender (in such capacity and together with their respective successors and assigns, “**MidCap Term Loan Lender**”; SVB, the MidCap Revolving Line Lender and the MidCap Term Loan Lender are each referred to herein as a “**Lender**” and collectively, the “**Lenders**”), and (c) **VERICEL CORPORATION**, a Michigan corporation (the “**Borrower**”).

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to the Lenders, Borrower is indebted to the Lenders pursuant to a loan arrangement dated as of September 9, 2016, evidenced by, among other documents, a certain Loan and Security Agreement dated as of September 9, 2016, by and among Borrower, Agent and the Lenders, as amended by that certain First Loan Modification Agreement, dated as of December 30, 2016 and as further amended by that certain Second Loan Modification Agreement, dated as of May 9, 2017 (as amended, the “**Loan Agreement**”). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by the Collateral as described in the Loan Agreement (together with any other collateral security granted to the Lenders, the “**Security Documents**”).

Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the “**Existing Loan Documents**”.

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 The Loan Agreement shall be amended by inserting the following new Section 2.1.3 immediately following Section 2.1.2 thereof:

2.1.3 Term Loan 2017 Advances.

(a) Availability. Subject to the terms and conditions of this Agreement, the Term Loan Lenders, severally and not jointly, shall make one (i) term loan advance available to Borrower on the Third Loan Modification Effective Date in an original principal amount of Fifteen Million Dollars (\$15,000,000.00) (the “**Term Loan 2017 Advance**”). After repayment, the Term Loan 2017 Advance (or any portion thereof) may not be reborrowed.

(b) Interest Period. With respect to the Term Loan 2017 Advance, commencing on the first Payment Date of the month following the month in which the Funding Date of

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the Term Loan 2017 Advance occurs, and continuing on the Payment Date of each month thereafter, Borrower shall make monthly payments of interest, in arrears, on the outstanding principal amount of such Term Loan 2017 Advance, at the rate set forth in Section 2.3(a)(ii).

(c) Repayment. Commencing on December 1, 2018, and continuing on each Payment Date thereafter, Borrower shall repay the Term Loan 2017 Advance, in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as described in Section 2.1.3(b), at the rate set forth in Section 2.3(a)(ii). All outstanding principal and accrued and unpaid interest under the Term Loan 2017 Advance, and all other outstanding Obligations hereunder with respect to the Term Loan 2017 Advance, are due and payable in full on the Term Loan 2017 Maturity Date.

(d) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Term Loan 2017 Advance, provided Borrower (i) delivers written notice to Agent and each Term Loan Lender of its election to prepay the Term Loan 2017 Advance at least five (5) days prior to such prepayment, and (ii) pays to Agent and each Term Loan 2017 Lender, as applicable, on the date of such prepayment (A) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan 2017 Advance, (B) the Term Loan 2017 Prepayment Premium, (C) the Term Loan 2017 Final Payment and (D) all other sums, if any, that shall have become due and payable hereunder with respect to the Term Loan 2017 Advance, including interest at the Default Rate with respect to any past due amounts.

(e) Mandatory Prepayment Upon an Acceleration. If the Term Loan 2017 Advance is accelerated by Agent or the Lenders following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Agent and each Term Loan 2017 Lender, as applicable, an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan 2107 Advance, (ii) the Term Loan 2017 Prepayment Premium, (iii) the Term Loan 2017 Final Payment and (iv) all other sums, if any, that shall have become due and payable hereunder with respect to the Term Loan 2017 Advance, including interest at the Default Rate with respect to any past due amounts.

(f) Use of Term Loan 2017 Advance Proceeds. Proceeds of the Term Loan 2017 shall be used (i) on the Third Loan Modification Effective Date, for the payment in full of (A) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (B) the Term Loan Final Payment, (C) all Lender Expenses (including reasonable attorneys’ fees and expenses for documentation and negotiation of this Agreement) incurred through and including the Third Loan Modification Effective Date, and (D) all other sums, if any, that shall have become due and payable hereunder with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts; and (ii) with respect to any remaining proceeds, in accordance with Section 5.10(ii). Borrower and Lenders acknowledge and agree that Agent and the Lenders hereby waive payment of the Term Loan Prepayment Premium that would otherwise have been due and payable hereunder.

2 Section 2.3(a)(ii) of the Loan Agreement shall be amended in its entirety and replaced with the following:

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(i i) Term Loan 2017 Advances. Subject to Section 2.3(b), the principal amount of outstanding Term Loan 2017 Advances shall accrue interest at a floating per annum rate equal to four and one-quarter percentage points (4.25%) above the Prime Rate, which interest shall be payable monthly in arrears in accordance with Section 2.1.3(b).

3 Section 3.5(a) of the Loan Agreement shall be amended in its entirety and replaced with the following:

4 (a) Advances. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Agent (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on the Funding Date of the Advance. Such notice shall be made by Borrower through SVB’s online banking program; provided, however, if Borrower is not utilizing SVB’s online banking program, then such notice shall be in a written format acceptable to Agent that is executed by an Authorized Signer. Agent shall have received satisfactory evidence that the board of directors of Borrower has approved that such Authorized Signer may provide such notices and request Advances. In connection with any such notification, Borrower must promptly deliver to Bank by electronic mail or through SVB’s online banking program such reports and information, including without limitation, sales journals, cash receipts journals, accounts receivable aging reports, as Agent or the Revolving Line Lenders may request in their sole discretion. Subject to Section 2.6(b), Agent or each Lender shall credit proceeds of an Advance to the Designated Deposit Account. Agent and the Lenders may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

5 Section 3.5(b) of the Loan Agreement shall be amended in its entirety and replaced with the following:

(b) Term Loan 2017 Advance. Subject to the prior satisfaction of all other applicable conditions to the making of the Term Loan 2017 Advance set forth in this Agreement, to obtain the Term Loan 2017 Advance, Borrower shall notify Agent and the Lenders (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on or before the Third Loan Modification Effective Date. In connection with such notification, Borrower shall promptly deliver to Agent a completed, executed Payment/Advance Form, together with such other reports and information as Agent or the Lenders may request in their reasonable discretion. Agent and Lenders shall credit excess proceeds (after giving effect to the use of proceeds described in Section 2.1.3(f)(i) above) of the Term Loan 2017 Advance to the Designated Deposit Account.

6 Section 6.9(a) of the Loan Agreement shall be amended in its entirety and replaced with the following:

(a) Minimum Revenue. Achieve minimum net revenue (determined in accordance with GAAP), measured on a trailing twelve month basis ending as of the date of measurement, on a consolidated basis of Borrower and its Subsidiaries, in an amount equal to or greater than the amount listed below for each corresponding trailing twelve month period:

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Trailing Twelve Month Period Ended	Minimum Net Revenue
September 30, 2017	\$[***]
October 31, 2017	\$[***]
November 30, 2017	\$[***]
December 31, 2017	\$51,723,000.00
January 31, 2018	\$[***]
February 28, 2018	\$[***]
March 31, 2018	\$[***]
April 30, 2018	\$[***]
May 31, 2018	\$[***]
June 30, 2018	\$[***]
July 31, 2018	\$[***]
August 31, 2018	\$[***]
September 30, 2018	\$[***]
October 31, 2018	\$[***]
November 30, 2018	\$[***]
December 31, 2018	\$[***]
January 31, 2019	\$[***]
February 28, 2019	\$[***]
March 31, 2019	\$[***]
April 30, 2019	\$[***]
May 31, 2019	\$[***]
June 30, 2019	\$[***]
July 31, 2019	\$[***]

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August 31, 2019	\$[***]
September 30, 2019	\$[***]
October 31, 2019	\$[***]
November 30, 2019	\$[***]
December 31, 2019	\$[***]
January 31, 2020	\$[***]
February 29, 2020	\$[***]
March 31, 2020	\$[***]
April 30, 2020	\$[***]
May 31, 2020	\$[***]
June 30, 2020	\$[***]
July 31, 2020	\$[***]
August 31, 2020	\$[***]
September 30, 2020	\$[***]
October 31, 2020	\$[***]
November 30, 2020	\$[***]
December 31, 2020	\$[***]
January 31, 2021	\$[***]
February 28, 2021	\$[***]
March 31, 2021	\$[***]
April 30, 2021	\$[***]
May 31, 2021	\$[***]
June 30, 2021	\$[***]
July 31, 2021	\$[***]

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August 31, 2021	\$[***]
September 30, 2021	\$[***]
October 31, 2021	\$[***]
November 30, 2021	\$[***]

7 The following new Section 6.14 is hereby inserted in the Loan Agreement immediately following Section 6.13 thereof:

6.14 Online Banking.

(a) Utilize SVB’s online banking platform for all matters requested by Agent which shall include, without limitation (and without request by Agent for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and other reports required to be delivered by this Agreement (including, without limitation, those described in Section 6.2 of this Agreement).

(b) Comply in all material respects with the terms of the “Banking Terms and Conditions” and ensure that all persons utilizing the online banking platform are duly authorized to do so by an Administrator. SVB shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension duly submitted via the online banking platform and to further assume that any submissions or requests made via the online banking platform have been duly authorized by an Administrator.

8 Section 8.1 of the Loan Agreement is amended in its entirety and replaced with the following:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date and/or the Term Loan 2017 Maturity Date, as applicable). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

9 Sections 10.10 (a), (b) and (c) of the Loan Agreement shall be amended in their entirety and replaced with the following:

(a) If for any reason any Lender shall fail or refuse to abide by its payment and/or funding obligations under this Agreement, including, without limitation, its obligation to make available to Agent its Revolving Line Commitment Percentage of any Advances, expenses or setoff and such failure is not cured within two (2) days of receipt from Agent of written notice thereof (such Lender is referred to herein as a “**Defaulting Lender**”), then, in addition to the rights and remedies that may be available to the other Lenders,

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Borrower or any other party at law or in equity, and not at limitation thereof, (i) such Defaulting Lender’s right to participate in the administration of, or decision-making rights related to, the Obligations, this Agreement or the other Loan Documents shall be suspended during the pendency of such failure or refusal, and (ii) a Defaulting Lender shall be deemed to have assigned any and all payments due to it from Borrower, whether on account of outstanding Advances, interest, fees or otherwise, to the remaining non-Defaulting Lenders for application to, and reduction of, their proportionate shares of all outstanding Obligations until, as a result of application of such assigned payments, Lenders’ respective Commitment Percentages of all outstanding Obligations shall have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency, and (iii) at the option of Agent, any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise) shall, in lieu of being distributed to such Defaulting Lender, be retained by Agent as cash collateral for future funding obligations of the Defaulting Lender in respect of any Advance. The Defaulting Lender’s decision-making and participation rights and rights to payments as set forth in clauses (i) and (ii) hereinabove shall be restored only upon the payment by the Defaulting Lender of its Commitment Percentage of any Obligations, any participation obligation, or expenses as to which it is delinquent, together with interest thereon at the rate set forth in Section 2.5(g) hereof from the date when originally due until the date upon which any such amounts are actually paid.

(b) The non-Defaulting Lender(s) shall have the right, but not the obligation, in their respective, sole and absolute discretion, to cause the termination and assignment, after not less than ten (10) days prior written notice by Agent (upon the request of such non-Defaulting Lender(s)) to the Defaulting Lender, for no cash consideration (pro rata, based on the respective Commitments of those Lenders electing to exercise such right), of the Defaulting Lender’s Revolving Line Commitment to fund future Advances and/or to purchase the funded portion, at par, of the Term Loan Commitment of such Defaulting Lender(s). Upon any such purchase of the Commitment Percentage of any Defaulting Lender, the Defaulting Lender’s share in future Credit Extensions and its rights under the Loan Documents with respect thereto shall terminate on the date of purchase, and the Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest.

(c) Each Defaulting Lender shall indemnify Agent and each non-Defaulting Lender from and against any and all loss, damage or expenses, including but not limited to reasonable attorneys’ fees and funds advanced by Agent or by any non-Defaulting Lender, on account of a Defaulting Lender’s failure to timely fund its Revolving Line Commitment Percentage of an Advance and/or to otherwise perform its obligations under the Loan Documents.

10 Section 13.7 of the Loan Agreement shall be amended by (i) deleting the phrase “Term Loan Commitment” where it appears therein and replacing such phrase with “Term Loan 2017 Commitment”; and (ii) deleting the phrase “any Term Loan Advance” where it appears therein and replacing such phrase with “the Term Loan 2017 Advance”.

11 The definitions of “Authorized Signer”, “Availability Amount”, “Credit Extension” “Requisite Lenders”, “Revolving Line Maturity Date”, “Term Loan Commitment”,

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“Term Loan Commitment Percentage”, and “Warrant” appearing in Section 13.1 of the Loan Agreement shall be amended in their entirety and replaced with the following:

“**Authorized Signer**” is any individual listed in Borrower’s Borrowing Resolution who is authorized to execute the Loan Documents, including any Advance request and/or Term Loan 2017 Advance request, on behalf of Borrower.

“**Availability Amount**” is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base; minus (b) the outstanding principal balance of any Advances.

“**Credit Extension**” is any Advance, any Term Loan 2017 Advance, any Overadvance, or any other extension of credit by Agent or any Lender for Borrower’s benefit.

“**Requisite Lenders**” means Lenders whose Pro Rata Shares aggregate more than 50%; provided, however, that so long as a Lender on the Third Loan Modification Effective Date does not assign any portion of its Term Loan Commitment, its Revolving Line Commitment, or all or any part of its Term Loan Advances or its portion of the Revolving Line (other than, in each case, an assignment to any Affiliate of such Lender), the “Requisite Lenders” shall include such Lender or, in the case of an assignment to by such Lender to an Affiliate, such Affiliate.

“**Revolving Line Maturity Date**” is December 6, 2021 (four (4) years after the Third Loan Modification Effective Date).

“**Term Loan Commitment**” means, for any Lender, the obligation of such Lender to make a Term Loan 2017 Advance as and when available, up to the principal amount shown on Schedule 1. “**Term Loan Commitments**” means the aggregate amount of such commitments of all Lenders.

“**Term Loan Commitment Percentage**” means, as to any Lender at any time, the percentage (carried out to the fourth decimal place) of the Term Loan Commitments represented by such Lender’s Term Loan Commitment at such time. The initial Term Loan Commitment Percentage of each Lender, as of the Third Loan Modification Effective Date, is set forth opposite the name of such Lender on Schedule 1.

“**Warrant**” is (i) each Warrant to Purchase Stock dated as of the Effective Date executed by Borrower in favor of each Lender; and (ii) each Warrant to Purchase Stock dated as of the Third Loan Modification Effective Date executed by Borrower in favor of each Lender.

12 The following terms and their respective definitions appearing in Section 13.1 shall be deleted in their entirety:

“**Ineligible Reserve**” is (i) from the Second Loan Modification Effective Date through and including the Ineligible Reserve Release Date, [***] Dollars (\$[***]); and (ii) commencing on the first day after the Ineligible Reserve Release Date and thereafter, Zero Dollars (\$0.00).

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“**Ineligible Reserve Release Date**” is the date occurring after the Second Loan Modification Effective Date, so long as no Default or Event of Default has occurred and is continuing, on which Borrower provides Bank evidence satisfactory to Bank, in its sole but reasonable discretion, that Borrower has complied with the Minimum Revenue financial covenant described in Section 6.9(a) for two (2) consecutive quarters. Notwithstanding the foregoing, nothing herein shall be deemed a waiver of or release by Bank of any other right or remedy of Bank under this Agreement following the occurrence and during the continuance of an Event of Default, including, without limitation, an Event of Default arising by virtue of Borrower failing to achieve the Minimum Revenue financial covenant requirements described in Section 6.9(a) for any monthly period.

13 Clause (v) of the definition of “Eligible Accounts” appearing in Section 13.1 is amended in its entirety and replaced with the following:

(v) Accounts owing from an Account Debtor, whose total obligations to Borrower exceed twenty-five percent (25%) of all Accounts ([***] percent ([***]%), for Accounts the Accounts Debtor for which is Orsini Healthcare), for the amounts that exceed that percentage, unless Agent and Lenders approve in writing;

14 The following new terms and their respective definitions are hereby inserted in Section 13.1, each in its respective alphabetical order:

“**Administrator**” is an individual that is named:

- (a) as an “Administrator” in the “SVB Online Services” form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in the “Banking Terms and Conditions”) on behalf of Borrower; and
- (b) as an Authorized Signer of Borrower in an approval by the Borrower’s board of directors.

“**Note**” means any and/or all of the Revolving Loan Note(s) and/or Term Loan 2017 Note(s), as the context requires.

“**Term Loan 2017 Final Payment**” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest, and supplemental of all other fees and expenses due and owing in connection with the Term Loan 2017 Advance), in an amount equal to the aggregate original principal amount of the Term Loan Commitment multiplied by three and six-tenths of one percent (3.60%).

“**Term Loan 2017 Maturity Date**” is December 6, 2021 (four (4) years after the Third Loan Modification Effective Date).

“**Term Loan 2017 Note**” is a promissory note in the form of Exhibit D-3, as it may be amended, supplemented or otherwise modified from time to time.

“**Term Loan 2017 Prepayment Premium**” is an additional fee payable to Agent, for the ratable benefit of the Lenders with a Term Loan Commitment, in an amount equal to:

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- (a) for a prepayment of the Term Loan 2017 Advance made on or prior to the one (1) year anniversary of the Third Loan Modification Effective Date, two and one-half of one percent (2.50%) of the original principal amount of such Term Loan 2017 Advance;
- (b) for a prepayment of the Term Loan 2017 Advance made after the one (1) year anniversary but on or prior to the two (2) year anniversary of the Third Loan Modification Effective Date, one and one-half of one percent (1.50%) of the original principal amount of such Term Loan 2017 Advance;
- (c) for a prepayment of the Term Loan 2017 Advance made after the two (2) year anniversary but on or prior to the three (3) year anniversary of the Third Loan Modification Effective Date, one-half of one percent (0.50%) of the original principal amount of such Term Loan 2017 Advance; and
- (d) for a prepayment of the Term Loan 2017 Advance made after the three (3) year anniversary but on or prior to the Term Loan 2017 Maturity Date, zero percent (0.00%) of the original principal amount of such Term Loan 2017 Advance; provided that no Term Loan 2017 Prepayment Premium shall be collected in the event the Term Loan 2017 Advance is refinanced by the Lenders with Commitments as of the Third Loan Modification Effective Date (or such Lender’s permitted successors and assigns, as the case may be).

“**Third Loan Modification Effective Date**” is December 6, 2017.

- 15 **Lenders and Commitments.** The Lenders and Commitments attached as Schedule 1 to the Loan Agreement is deleted in its entirety and replaced with Schedule 1 attached hereto.
 - 16 **Term Loan 2017 Note.** The Loan Agreement shall be amended by inserting Exhibit D-3 attached hereto as Exhibit D-3 thereto.
 - 17 **Compliance Certificate.** The Compliance Certificate attached as Exhibit B to the Loan Agreement is deleted in its entirety and replaced with Exhibit A attached hereto.
4. **FEES.** In addition to the payment of the Term Loan Final Payment Fee, Borrower shall reimburse the Lenders for all legal fees and expenses reasonably incurred in connection with the Existing Loan Documents and this Loan Modification Agreement.
5. **UPDATED PERFECTION CERTIFICATE.** In connection with this Loan Modification Agreement, Borrower has delivered to Bank an updated Perfection Certificate (the “**Updated Perfection Certificate**”). Borrower acknowledges, confirms and agrees the disclosures and information Borrower provided to the Agent and the Lenders in such Updated Perfection Certificate remains true and correct in all material respects as of the date hereof. From and after the Third Loan Modification Effective Agreement, all references to the “Perfection Certificate” in the Loan Documents shall be deemed to be a reference to the Updated Perfection Certificate.
6. **AUTHORIZATION TO FILE.** Borrower hereby authorizes Agent to file UCC financing statements without notice to Borrower, with all appropriate jurisdictions, as Bank deems appropriate, in order to further perfect or protect Agent’s interest in the Collateral, including a notice that any disposition of the Collateral, by either the Borrower or any other Person, shall be deemed to violate the rights of the Agent under the Code.

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7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.
8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of the Loan Agreement, each other Loan Document and all security or other collateral granted to the Lenders, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.
9. NO DEFENSES OF BORROWER. Borrower hereby acknowledges and agrees that Borrower has no offsets, defenses, claims, or counterclaims against the Lenders with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against any of the Lenders, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES each of the Lenders from any liability thereunder.
10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, each Lender is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. The Lenders' agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate any Lender to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of the Agent, each Lender and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by the Agent and the Lenders in writing. No maker will be released by virtue of this Loan Modification Agreement.
11. RIGHT OF SET-OFF. In consideration of Lenders' agreement to enter into this Loan Modification Agreement, Borrower hereby reaffirms and hereby grants to Agent for the benefit of the Lenders, a lien, security interest and right of set off as security for all Obligations owed to the Lenders, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Agent or any entity under the control of Agent or any Lender (including a Subsidiary thereof) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Agent may set off the same or any part thereof and apply the same to any Obligations of Borrower then due regardless of the adequacy of any other collateral securing the loan. ANY AND ALL RIGHTS TO REQUIRE ANY LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.
12. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER. Section 12 of the Loan Agreement is hereby incorporated by reference in its entirety.
13. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower, Agent and each Lender.
14. CONDITIONS PRECEDENT. As a condition precedent to the effectiveness of this Loan Modification Agreement, the Agent shall have received each of the following items prior to or concurrently with this Agreement, each in form and substance reasonably satisfactory to the Agent:
 - A. This Loan Modification Agreement duly executed on behalf of Borrower;

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- B. Repayment in full of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (ii) the Term Loan Final Payment, (iii) all Lender Expenses (including reasonable attorneys’ fees and expenses for documentation and negotiation of this Agreement) incurred through and including the Third Loan Modification Effective Date, and (iv) all other sums, if any, that shall have become due and payable hereunder with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts;
- C. Duly executed signature pages of Borrower to each Note in favor of each Lender requesting a Note in connection with the Effective Date
- D. Duly executed Warrants in favor of each Term Loan Lender, together with an updated capitalization table of Borrower;
- E. A fully executed First Amendment to the Lender Intercreditor Agreement;
- F. The duly executed Updated Perfection Certificate;
- G. Duly executed signatures of Borrower to a Disbursement Letter with respect to the Credit Extensions to be made on the Third Loan Modification Effective Date hereunder;
- H. Evidence satisfactory to Agent that the insurance policies and endorsements required by Section 6.7 of the Loan Agreement are in full force and effect (including certificates on Acord 25 and Acord 28 forms);
- I. Certified copies, dated as of a recent date, of financing statement searches, as Agent or any Lender may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the Third Loan Modification Effective Date, will be terminated or released;
- J. Such legal opinions of counsel as Agent shall require;
- K. Copies, certified by a duly authorized officer of Borrower, to be true and complete as of the date hereof, of each of (i) the governing documents of Borrower as in effect on the date hereof (but only to the extent modified since last delivered to the Agent), (ii) the resolutions of Borrower authorizing the execution and delivery of this Loan Modification Agreement, the other documents executed in connection herewith and Borrower’s performance of all of the transactions contemplated hereby (but only to the extent required since last delivered to Agent), and (iii) an incumbency certificate giving the name and bearing a specimen signature of each individual who shall be so authorized on behalf of Borrower (but only to the extent any signatories have changed since such incumbency certificate was last delivered to Agent);
- L. A certified good standing certificate of Borrower certified by the Secretary of State of the State of Michigan each other jurisdiction in which Borrower is qualified to conduct business, each dated as of a date no earlier than thirty (30) days prior to the Third Loan Modification Effective Date;
- M. Such other documents as Agent may reasonably request.

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IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as of the date first above written.

BORROWER: VERICEL CORPORATION By <u>/s/ Gerard Michel</u> Name: <u>Gerard Michel</u> Title: <u>Chief Financial Officer</u>	AGENT: SILICON VALLEY BANK, as Agent By <u>/s/ Sam Subilia</u> Name: <u>Sam Subilia</u> Title: <u>VP</u>
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TERM LOAN 2017 LENDERS:

REVOLVING LINE LENDERS:

SILICON VALLEY BANK

SILICON VALLEY BANK

By /s/ Sam Subilia

Name: Sam Subilia

Title: VP

By /s/ Sam Subilia

Name: Sam Subilia

Title: VP

MIDCAP FINANCIAL TRUST

MIDCAP FUNDING IV TRUST

By:

Apollo Capital Management, L.P.,

its investment manager

By: Apollo Capital Management, L.P., its investment manager

By:

Apollo Capital Management GP, LLC,

its general partner

By: Apollo Capital Management GP, LLC, its general partner

By: /s/ Maurice Amsellem

Name: Maurice Amsellem

Title: Authorized Signatory

By: /s/ Maurice Amsellem

Name: Maurice Amsellem
Title: Authorized Signatory

Solely with respect to waiving the Term Loan Prepayment Premium as described in the last sentence of Section 2.1.3(f):

Solely with respect to waiving the Term Loan Prepayment Premium as described in the last sentence of Section 2.1.3(f):

ELM 2016-1 TRUST

MIDCAP FUNDING III TRUST

By:

MidCap Financial Services Capital

Management, LLC, as Servicer

By: Apollo Capital Management, L.P., its investment manager

By: /s/ John O’Dea

Name: John O’Dea

By: Apollo Capital Management GP, LLC, its general partner

Title: Authorized Signatory

By: /s/ Maurice
Amsellem
Name: Maurice
Amsellem
Title: Authorized
Signatory

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SCHEDULE 1

LENDERS AND COMMITMENTS

TERM LOAN 2017 COMMITMENTS

<u>Lender</u>	<u>Term Loan 2017 Advance Commitment</u>	<u>Term Loan 2017 Advance Commitment Percentage</u>
Silicon Valley Bank	\$7,500,000.00	50.0000%
MidCap Financial Trust	\$7,500,000.00	50.0000%
<u>TOTAL</u>	\$15,000,000.00	100.0000%

REVOLVING LINE COMMITMENTS

<u>Lender</u>	<u>Revolving Line Commitment</u>	<u>Revolving Line Commitment Percentage</u>
Silicon Valley Bank	\$5,000,000.00	50.0000%
MidCap Funding IV Trust	\$5,000,000.00	50.0000%
<u>TOTAL</u>	\$10,000,000.00	100.0000%

TOTAL COMMITMENTS

<u>Lender</u>	<u>Total Commitment</u>	<u>Total Commitment Percentage</u>
Silicon Valley Bank	\$12,500,000.00	50.0000%
MidCap Financial Trust MidCap Funding IV Trust	\$12,500,000.00	50.0000%
<u>TOTAL</u>	\$25,000,000.00	100.0000%

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Exhibit A to Third Loan Modification Agreement

EXHIBIT B
COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK, as Agent
FROM: VERICEL CORPORATION

Date: _____

The undersigned authorized officer of Vericel Corporation (“**Borrower**”) certifies that under the terms and conditions of the Loan and Security Agreement among Borrower, **SILICON VALLEY BANK**, a California corporation (“**SVB**”), in its capacity as Administrative Agent (“**Agent**”), (b) SVB, as a Revolving Line Lender and as a Term Loan 2017 Lender, **MIDCAP FUNDING IV TRUST**, a Delaware statutory trust, as a Revolving Line Lender (in such capacity and together with its successors and assigns, “**MidCap Revolving Line Lender**”), and **MIDCAP FINANCIAL TRUST**, a Delaware statutory trust, as a Term Loan 2017 Lender (in such capacity and together with their respective successors and assigns, “**MidCap Term Loan Lender**”; SVB, the MidCap Revolving Line Lender and the MidCap Term Loan Lender are each referred to herein as a “**Lender**” and collectively, the “**Lenders**”) (as amended, the “**Loan Agreement**”), (1) Borrower is in compliance for the period ending _____ with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries, if any, relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Agent. Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under “Complies” column.

<u>Reporting Covenant</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements with Compliance Certificate	Monthly within 30 days (for the monthly periods ending March 31, June 30, September 30 and December 31, no later than forty-five (45) days after the last day of each such month)	Yes No
Annual financial statement (CPA Audited) + CC	FYE within 90 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No

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A/R & A/P Agings, Deferred Revenue report and general ledger	Monthly within 30 days	Yes No
Transaction Reports	(i) With each request for an Advance and (ii) within thirty (30) days after the last day of each month	Yes No
Projections	FYE within 30 days, and as amended/updated	Yes No

<u>Financial Covenant</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Maintain as indicated:			
Minimum Revenue (monthly, on a trailing 12 month basis)	*	\$ _____	Yes No

* See Section 6.9(a)

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are the exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions to note.”)

Vericel Corporation

BANK USE ONLY

By: _____
 Name: _____
 Title: _____

Received by: _____
 AUTHORIZED SIGNER

Date: _____

Verified: _____
 AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

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SCHEDULE 1 TO COMPLIANCE CERTIFICATE

FINANCIAL COVENANTS OF BORROWER

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: _____

I. **Minimum Revenue** (Section 6.9(a))

Required: Minimum Revenue. Achieve minimum net revenue (determined in accordance with GAAP), measured on a trailing twelve month basis ending as of the date of measurement, on a consolidated basis of Borrower and its Subsidiaries, in an amount equal to or greater than the amount listed below for each corresponding trailing twelve month period:

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Trailing Twelve Month Period Ended	Minimum Net Revenue
September 30, 2017	\$[***]
October 31, 2017	\$[***]
November 30, 2017	\$[***]
December 31, 2017	\$51,723,000.00
January 31, 2018	\$[***]
February 28, 2018	\$[***]
March 31, 2018	\$[***]
April 30, 2018	\$[***]
May 31, 2018	\$[***]
June 30, 2018	\$[***]
July 31, 2018	\$[***]
August 31, 2018	\$[***]
September 30, 2018	\$[***]
October 31, 2018	\$[***]
November 30, 2018	\$[***]
December 31, 2018	\$[***]
January 31, 2019	\$[***]
February 28, 2019	\$[***]
March 31, 2019	\$[***]
April 30, 2019	\$[***]
May 31, 2019	\$[***]
June 30, 2019	\$[***]
July 31, 2019	\$[***]

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August 31, 2019	\$[***]
September 30, 2019	\$[***]
October 31, 2019	\$[***]
November 30, 2019	\$[***]
December 31, 2019	\$[***]
January 31, 2020	\$[***]
February 29, 2020	\$[***]
March 31, 2020	\$[***]
April 30, 2020	\$[***]
May 31, 2020	\$[***]
June 30, 2020	\$[***]
July 31, 2020	\$[***]
August 31, 2020	\$[***]
September 30, 2020	\$[***]
October 31, 2020	\$[***]
November 30, 2020	\$[***]
December 31, 2020	\$[***]
January 31, 2021	\$[***]
February 28, 2021	\$[***]
March 31, 2021	\$[***]
April 30, 2021	\$[***]
May 31, 2021	\$[***]
June 30, 2021	\$[***]
July 31, 2021	\$[***]

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August 31, 2021	\$[***]
September 30, 2021	\$[***]
October 31, 2021	\$[***]
November 30, 2021	\$[***]

Actual: all amounts measured on a trailing twelve month basis

A. Aggregate value of net revenue of Borrower and its Subsidiaries \$ _____

Is line A equal to or greater than \$ _____?

_____ No, not in compliance

_____ Yes, in compliance

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EXHIBIT D-3

FORM OF TERM LOAN 2017 NOTE

VERICEL CORPORATION

THIS TERM LOAN 2017 NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE LOAN AGREEMENT REFERRED TO BELOW

\$[_____]

New York, New York
December____, 2017

FOR VALUE RECEIVED, the undersigned, VERICEL CORPORATION, a Michigan corporation (the “*Borrower*”), hereby unconditionally promises to pay to [Silicon Valley Bank, a California corporation] [MidCap Funding Trust III, a [Delaware statutory trust]] [Elm 2016-1 Trust a [Delaware statutory trust]] (the “*Lender*”) or its registered assigns at the applicable Funding Office specified in the Loan Agreement (as hereinafter defined) in Dollars and in immediately available funds, the principal amount of (a) [insert amount of applicable Lender’s Term Loan Commitment] (\$[_____]), or, if less, (b) the aggregate unpaid principal amount of the Term Loan 2017 Advance made by the Lender pursuant to the Loan Agreement referred to below. The principal amount hereof shall be paid in the amounts and on the dates specified in Section 2.1.3 of the Loan Agreement. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in the Loan Agreement.

The holder of this Term Loan 2017 Note (this “*Note*”) is authorized to indorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, and amount of the Term Loan 2017 Advance and the date and amount of each payment or prepayment of principal with respect thereto. Each such indorsement shall constitute *prima facie* evidence of the accuracy of the information indorsed. The failure to make any such indorsement or any error in any such indorsement shall not affect the obligations of Borrower in respect of the Term Loan 2017 Advance.

This Note (a) is one of the Term Loan 2017 Notes referred to in the Loan Agreement, dated as of [_____], among Borrower, the Lenders party thereto, and Silicon Valley Bank, as Administrative Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “*Loan Agreement*”), (b) is subject to the provisions of the Loan Agreement, and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Loan Agreement. This Note is secured and guaranteed as provided in the Loan Documents. Reference is hereby made to the Loan Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

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Upon the occurrence and during the continuance of any one or more Events of Default, all principal and all accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Loan Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, indorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE LOAN AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 13.2 OF THE LOAN AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

VERICEL CORPORATION

By: _____

Name: _____

Title: _____

TERM LOAN 2017 Advance

Date	Amount of Term Loan 2017 Advance	Amount of Principal of Term Loan 2017 Advance Repaid	Unpaid Principal Balance of Term Loan 2107 Advance	Notation Made By

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 5.3 AND 5.4 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: 26,951 [*\$115,000/Warrant Price*], subject to adjustment

Type/Series of Stock: Common Stock, no par value per share

Warrant Price: \$4.267 [*30-day trailing average*] per Share, subject to adjustment

Issue Date: December 6, 2017

Expiration Date: December 6, 2023 **See also Section 5.1(b).**

Credit Facility: This Warrant to Purchase Stock (“**Warrant**”) is issued in connection with that certain Third Loan Modification Agreement, of even date herewith, amending that certain Loan and Security Agreement dated September 9, 2016, among Silicon Valley Bank, MidCap Funding IV Trust, MidCap Funding III Trust, MidCap Financial Trust, Elm 2016-1 Trust and the Company, as amended (collectively, and as may be further amended and/or modified and in effect from time to time, the “**Loan Agreement**”).

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, [Holder] (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 the above-stated number of fully paid and non-assessable shares (the “**Shares**”) of the above-stated Type/Series of Stock (the “**Class**”) of the above-named company (the “**Company**”), at the above-stated Warrant Price, 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.

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 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, 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);
- 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 in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), and the fair market value of one Share as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date immediately prior to such Cash/Public Acquisition, and Holder has not exercised this Warrant pursuant to Section 1.1 above as to all Shares, then this Warrant shall automatically be deemed to be Cashless Exercised pursuant to Section 1.2 above as to all Shares effective immediately prior to and contingent upon the consummation of a Cash/Public Acquisition. In connection with such Cashless Exercise, Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as of the date thereof and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon exercise. In the event of a Cash/Public Acquisition where the fair market value of one Share as determined in accordance with Section 1.3 above would be less than the Warrant Price in effect immediately prior to such Cash/Public Acquisition, then this Warrant will expire immediately prior to the consummation of such Cash/Public Acquisition.

(c) Upon the closing of any Acquisition other than a Cash/Public Acquisition, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(d) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in a Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

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 as follows:

(a) [Reserved]

(b) 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.

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) offer for subscription or sale pro rata to all holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

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

(d) effect an Acquisition or 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; provided, that at all times, if any, when the Company shall not be subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, then the Company shall give Holder written notice thereof as follows:

(1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any; and

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event and such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such event giving rise to the notice).

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.

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. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(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, Pacific time, on the Expiration Date and shall be void thereafter.

(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.

5.2 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 TO [HOLDER] MIDCAP FUNDING XXVIII TRUST DATED DECEMBER 6, 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 THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 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 [Holder] an affiliate of Holder, provided that such affiliate 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.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, 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 transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant.

5.5 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) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) 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 5.5. 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:

[Holder]
Attn: Account Manager for Vericel transaction
Facsimile: 301-941-1450
Email address:

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: gmichel@vcel.com

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

Vericel Corporation
Attn: General Counsel
64 Sidney Street
Cambridge, MA 02139
Telephone: (617) 588-5555
Facsimile: (617) 588-5554

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which banks in Maryland are closed.

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

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”

[HOLDER]

By: _____

Name: _____
(Print)

Title:

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase _____ shares of the Common/Series _____ Preferred [circle one] Stock of _____ (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 Enters into Expanded \$25 Million Debt Facilities with Silicon Valley Bank and MidCap Financial to Support Accelerating MACI Uptake and Increased Epicel Usage

Facilities Include a \$15 Term Loan and \$10 Million Revolving Line of Credit

CAMBRIDGE, Mass., Dec. 07, 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 entered into an expanded \$15 million term loan and retained an existing \$10 million revolving line of credit with Silicon Valley Bank and MidCap Financial Services (MidCap Financial), providing Vericel access to up to a total of \$25 million of capital. As of November 30, 2017, Vericel had an outstanding balance of \$7 million under an existing term loan with Silicon Valley Bank and MidCap Financial which will be replaced with the expanded facility, providing approximately \$8 million of incremental capital (excluding refinancing fees) to the company and bringing the total term loan balance to \$15 million.

The increased capital will support Vericel's planned MACI[®] (autologous cultured chondrocytes on porcine collagen membrane) sales force expansion from 28 to 40 sales representatives and other marketing initiatives to support the continued growth in MACI uptake. Since the launch of MACI in the first quarter of 2017, Vericel has achieved two straight quarters of 30% or greater revenue growth versus the same quarter of the prior year and record third quarter revenues.

"We are pleased to expand our relationship with Silicon Valley Bank and MidCap Financial, and we appreciate their confidence in MACI's prospects and our business overall," said Gerard Michel, Vericel's chief financial officer and vice president of corporate development. "The expanded loan facility strengthens our balance sheet while minimizing dilution and will allow us to reach the broader surgeon audience that has shown interest in using MACI to treat patients with full-thickness cartilage defects of the knee and to continue to support the expanded usage of Epicel."

Ryan Roller, vice president of Silicon Valley Bank, commented, “Vericel is on a strong growth trajectory and we are pleased to significantly expand our relationship to support their continued efforts to treat more patients with their unique cell therapy products.”

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 two 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. Vericel is also marketing Epicel[®] (cultured epidermal autografts), 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. For more information, please visit the company’s website at www.vcel.com.

Epicel[®] and MACI[®] are registered trademarks of Vericel Corporation. © 2017 Vericel Corporation. All rights reserved.

About Silicon Valley Bank

For more than 30 years, Silicon Valley Bank (SVB) has helped innovative companies and their investors move bold ideas forward, fast. SVB provides targeted financial services and expertise through its offices in innovation centers around the world. With commercial, international and private banking services, SVB helps address the unique needs of innovators. Learn more at svb.com.

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About MidCap Financial

MidCap Financial is a middle-market focused, specialty finance firm that provides senior debt solutions to businesses across all industries. The firm’s years of experience, strong balance sheet, and flexibility make it a lender of choice for companies across all stages of growth and complexity. MidCap Financial’s debt solutions focus in five areas:

- General and healthcare asset-based working capital loans collateralized by third-party accounts receivable and other assets;
- Leveraged loans to companies backed by private equity sponsors;
- Life sciences loans to VC-backed and public pharmaceutical, biotech, and medical device companies;

- Real estate loans on all types of commercial properties, medical office buildings, various types of senior housing and skilled nursing properties; and
- Lender finance term loans or revolvers provided across the consumer and commercial finance sectors.

Additional information about MidCap Financial can be found at www.midcapfinancial.com.

This document contains forward-looking statements, including, without limitation, statements concerning anticipated progress, objectives and expectations regarding the commercial potential of our products and growth in revenues, intended product development, 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,” “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, product development activities, estimating the commercial growth potential of our products and product candidates and growth in revenues and improvement in costs, market demand for our products, customer reach, our ability to secure consistent reimbursement for our products, 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.

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