

ATHERSYS, INC.

DIRECTORS' CODE OF CONDUCT

INTRODUCTION

The directors of Athersys, Inc. (“Athersys” or the “Company”) adopt this Code of Conduct (the “Directors’ Code”) to assist directors in fulfilling their duties to the Company. The directors are entrusted with responsibility to oversee management of the business and affairs of Athersys. As the Company’s policy-makers, the directors set the standard of conduct for all directors, officers and employees.

Athersys has a long-standing commitment to compliance with applicable laws and regulations and to operating in accordance with high standards of business conduct. In many instances, the guidelines and standards contained in the Directors’ Code go beyond the requirements of applicable law.

GUIDELINES FOR CONDUCT

Each director should seek to use due care in the performance of his or her duties, be loyal to the Company, and act in good faith and in a manner the director reasonably believes to be in or not opposed to the best interests of the Company. A director should:

- use reasonable efforts to attend Board and committee meetings regularly;
- dedicate sufficient time, energy and attention to the Company to ensure diligent performance of his or her duties, including preparing for meetings and decision-making by reviewing in advance any materials distributed and making reasonable inquiries;
- be aware of and seek to fulfill his or her duties and responsibilities as set forth in the Company’s Certificate of Incorporation, Bylaws and corporate governance guidelines; and
- seek to comply with all applicable laws, regulations, confidentiality obligations and corporate policies.

For the directors to be effective as the Company’s policy makers in which a variety of views can be presented, explored and debated, directors need to act respectfully towards one another. Diversity in director viewpoints is highly valued and encouraged, and is supported by directors engaging in the following behaviors:

- respect management’s and other directors’ expertise and viewpoints;
- use constructive questions directed to management or other directors;
- listen to all viewpoints respectfully and try to present views and questions efficiently;
- promote opportunities for open discussion and debate;

- commit to working towards a consensus, where possible, on issues after an informed and deliberative process, realizing that there may be differences of opinion among directors;
- develop and maintain trust among the directors and between the directors and management;
- protect Board and committee confidentiality (see “Confidential Information” below);
- do not record any Board or committee meetings or any discussions between or among Board members; and
- do not attempt to unduly influence, intimidate or make threatening statements or acts toward other directors or members of management.

Notwithstanding any of the above, nothing in this Directors’ Code shall be interpreted as intended to suppress or stifle debate or the raising of dissenting views. Each director agrees that s/he will participate actively, candidly and respectfully in Board discussions and in such manner challenge each other and management, as appropriate.

CORPORATE BUSINESS OPPORTUNITIES

Except as described elsewhere herein, a director may engage in business so long as he or she does not preempt or seize a corporate business opportunity. A corporate business opportunity is an opportunity (1) in the Company’s line of business or proposed expansion or diversification, (2) which the Company is financially able to undertake and (3) which may be of interest to the Company. A director who learns of such a corporate business opportunity and who wishes to participate in it must disclose the opportunity to the Board of Directors. If the Board of Directors determines that the Company does not have an actual or expected interest in the opportunity, then, and only then, may the director participate in it, provided that the director has not wrongfully utilized the Company’s resources in order to acquire the opportunity.

CONFLICTS OF INTEREST

Directors are expected to dedicate their best efforts to advancing the Company’s interests and to make decisions that affect the Company based on the Company’s best interests and independent of outside influences.

A “conflict of interest” occurs when one’s private interests interfere in any way, or even appear to interfere, with the interests of the Company. A conflict situation can arise when a director takes actions or has interests that make it difficult to perform his or her duties for the Company objectively and effectively. A conflict of interest may also arise if a director has, or it appears that he or she has, allegiances to, or financial interests in, an entity other than the Company and the presence of such allegiances or interests interferes with, or may

interfere with, the director's duty of loyalty to the Company. A director's obligation to conduct the Company's business in an honest and ethical manner includes the ethical handling of actual or apparent conflicts of interest between personal and business relationships.

The following are some examples that illustrate actual or potential Board member conflicts of interest (which also include situations in which the director is an immediate family member of such an employee, officer, director, principal or stakeholder or otherwise has direct or indirect control of such a stakeholder or company):

- Being an employee, officer, director, principal or stakeholder of a company that is in contractual negotiations with Athersys;
- Being an employee, officer, director, principal or stakeholder of a company that is engaged in a contractual and/or financial dispute with Athersys;
- Being an employee, officer, director, principal or stakeholder of a company that has a direct and significant financial tie to another company that is in contractual negotiations with Athersys;
- Being an employee, officer, director, principal or stakeholder of a company that competes or is potentially competitive with another company and Athersys is in discussions or negotiations with such other company;
- Being an employee, officer, director, principal or stakeholder of a company that proposes to participate in a financial transaction, such as a financing, being considered or pursued by Athersys;
- Being an employee, officer, director, principal or stakeholder of a company that competes or might compete with another company that is in partnering negotiations or discussions with Athersys and such other company has an interest in products, indications and/or geographies and corresponding Athersys resources (e.g., manufacturing and/or other capabilities);
- Being an employee, officer, director, principal or stakeholder of a company and Athersys is evaluating or pursuing a transaction in which there is a good faith belief that consummating such transaction might conflict with the business objectives of such company; and
- Being an employee, officer, director, principal or stakeholder of a company that has a competing business interest with Athersys or that seeks to gain access for its own business objectives and having access to highly sensitive and proprietary technical information (e.g., proprietary manufacturing methods and technology) of Athersys.

A director who has an actual or potential conflict of interest, including any of the situations described above, should be recused from the portion of any Board or committee meeting in which any matter involving an actual or potential conflict of interest is being discussed and potentially any vote on such matter.

LOANS

A director may not obtain a loan from the Company or its subsidiaries.

GIFTS AND ENTERTAINMENT

When acting on behalf of Athersys, directors should never request gifts, entertainment or any other business courtesies from people doing business with the Company (including suppliers, competitors and consultants). Unsolicited gifts are permissible if they are customary and commonly accepted business courtesies; not excessive in value; and given and accepted without an express or implied understanding that the director is in any way obligated by acceptance of the gift. Meals in the ordinary course of business and infrequent meals and entertainment, such as cultural or sporting events, that are attended by both the director and the donor are not considered gifts.

Gifts of cash or cash equivalents (including gift certificates, securities, below-market loans, etc.) in any amount are prohibited.

COMPANY PROPERTY

Directors have a responsibility to safeguard and properly use Company assets and resources, as well as assets of other organizations that have been entrusted to the Company. Except as specifically authorized, Company assets, including Company equipment, materials, resources and proprietary information, must be used for Company business purposes only.

CONFIDENTIAL INFORMATION

Pursuant to their fiduciary duties of loyalty and care, directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly:

- No director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company;
- No director shall discuss specific potential or actual Company business transactions with anyone, whether within or without the Company, who does not have direct involvement authorized by the Board of Directors or senior management with the transaction;

- No director shall discuss Confidential Information in public settings or other settings where inadvertent disclosure may occur;
- No director shall disclose Confidential Information outside the Company, including to individuals that are employed by or otherwise associated with an entity that may have a right to nominate a candidate to the Board of Directors, either during or after his or her service as a director of the Company, except with authorization from the Board of Directors and after consulting senior management or as may be otherwise required by law;
- Upon a director's departure from the Company, the director must return all originals and copies of documents or materials containing Confidential Information; and
- If a director discloses Confidential Information or learns that someone else has, whether intentionally or inadvertently, the director must immediately report the disclosure to senior management.

“Confidential Information” is all non-public information entrusted to or obtained by a director by reason of his or her position as a director of the Company. It includes, but is not limited to, non-public information that might be of use to the Company's competitors or partners or harmful to the Company or its partners if disclosed, such as:

- Non-public information about the Company's financial condition, prospects or plans, products, trials and studies, intellectual property and trade secrets, manufacturing processes, and compensation and benefit information, as well as information relating to partnerships, joint ventures, mergers and acquisitions, stock splits and divestitures;
- Non-public information concerning business partnerships or possible transactions with other companies or information about the Company's partners, joint venture partners or suppliers, which the Company is under an obligation to maintain as confidential; and
- Non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, executive officers and directors.

FAIR DEALING

Directors should endeavor to deal fairly with the Company's partners, suppliers, competitors and employees and should never take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

COMPLIANCE WITH LAWS AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. The Company is committed to compliance with those laws, regulations and rules that govern the conduct of its business.

Securities Laws

It is Company policy to make full, fair, accurate, timely and understandable disclosure, in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, or submits or furnishes to, the Securities and Exchange Commission and in all other public communications made by the Company. Directors must abide by applicable Company policies and procedures designed to promote compliance with this policy.

Insider Trading and Other Restrictions

Directors are prohibited by Company policy and the law from buying or selling securities of the Company when in possession of material nonpublic information. Passing such information on to someone who may buy or sell securities (tipping) is also illegal. The prohibition applies to Company securities and to securities of other companies if the material nonpublic information about such other companies, such as the Company's partners, is learned in the course of the director's duties for the Company.

In order to assist with compliance with laws against insider trading, the Company has adopted a specific policy governing trading in securities of the Company and the securities of certain other companies. This policy has been distributed to every director.

Antitrust and Competition Laws

While the Company competes vigorously and creatively in its business activities, its efforts in the marketplace must be conducted in accordance with all applicable antitrust and trade practice laws and regulations. Directors may not knowingly engage in any activity in violation of applicable antitrust or competition laws.

Anti-Bribery Laws

The Company conducts its international business activities in compliance with applicable anti-bribery laws of the United States, including the U.S. Foreign Corrupt Practices Act ("FCPA"), and the laws of all other countries in which the Company conducts business. The FCPA prohibits the Company and its officers, employees and agents from giving or offering to give money or anything of value to a foreign official, a foreign political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage. Directors may not knowingly engage in any activity that might involve the Company in a violation of the FCPA or any applicable anti-bribery law.

Interacting With Governments

The various branches and levels of governments have different laws restricting gifts, including meals, entertainment, transportation and lodging, that may be provided to government officials and government employees. Directors should not pay or offer to pay for meals, travel, lodging or any other expenses for government officials in connection with the Company or Company business.

Political Contributions

The Company will not make political contributions from corporate resources to any political party, candidate or holder of public office, or political committee in violation of any applicable federal, state, local or foreign law. This includes monetary contributions as well as in-kind contributions (such as the use of corporate property, personnel, services or facilities).

Directors may not cause the Company to make a political contribution to any federal election campaign or in any other jurisdiction where corporate contributions are prohibited. Company directors must comply with applicable federal, state, local and foreign laws and with Company policy with respect to causing the Company to make political contributions. Directors may not make personal political contributions on behalf of, or in the name of, the Company. Directors will not be reimbursed or otherwise compensated for any personal political contribution.

REPORTING NON-COMPLIANCE; WAIVERS

Suspected violations of this Code must be reported to the Chairman of the Board and the Chairman of the Nominations and Corporate Governance Committee. A director will not be subject to retaliation because of a good faith report of a suspected violation. All reported violations will be appropriately investigated. Directors who violate this Code may be subject to sanctions, including, without limitation, formal reprimand or censure, a request to resign as director or the Board's seeking removal of the director, where permitted by applicable law.

A director charged with a violation of this Directors' Code may not participate in a vote of the Nominations and Corporate Governance Committee or the Board concerning his or her alleged violation, but may be present at a meeting of the Board or Nominations and Corporate Governance Committee convened for that purpose.

Any waiver of this Directors' Code must be approved by the Nominations and Corporate Governance Committee of the Board of Directors and publicly disclosed as required by applicable law, regulation or listing standard.

NO RIGHTS CREATED

This Directors' Code sets forth guidelines for conduct for the Board of Directors. It is not intended to and does not create any rights in any director, officer, employee, client, supplier, competitor, stockholder or any other person or entity.