



## Osiris Therapeutics Receives \$5 Million Milestone Payment

**COLUMBIA, Maryland – January 8, 2009** – Osiris Therapeutics, Inc. (NASDAQ:OSIR) today announced that the company has received a \$5 million milestone payment for reaching the first production threshold of the Osteocel supply agreement with NuVasive. In July of 2008, Osiris announced the sale of the Osteocel business to NuVasive for an initial payment of \$35 million, followed by up to \$50 million in additional milestones. Osiris expects to achieve the remaining \$45 million in milestone payments from NuVasive, including \$17.5 million for further delivery of product, \$12.5 million upon transfer of certain manufacturing assets, and a \$15 million payment upon NuVasive's achievement of \$35 million in cumulative Osteocel sales.

"It is through the hard work and dedication of our Osteocel team that we have achieved the first product supply milestone under the agreement and are solidly on track to hit the remaining milestones," said Richard Hunt, Chief Financial Officer of Osiris Therapeutics. "With more than 15 years of rigorous stem cell research and development behind it, today Osteocel stands alone in orthopedics. Along with our excellent partners at NuVasive, we look forward to the product's continued success."

### About Osiris Therapeutics

Osiris Therapeutics is the leading stem cell therapeutics company focused on developing products to treat serious medical conditions in the inflammatory, orthopedic and cardiovascular areas. Prochymal is being evaluated in Phase III clinical trials for three indications including Graft versus Host Disease and Crohn's disease, and is the only stem cell therapeutic with both Orphan Drug and Fast Track designation from FDA. Furthermore, Prochymal is being developed for the repair of heart tissue following a heart attack, the protection of pancreatic islet cells in patients with type 1 diabetes, and the treatment of chronic obstructive pulmonary disease. The Company's pipeline of internally developed biologic drug candidates under evaluation also includes Chondrogen for arthritis in the knee. Osiris is a fully integrated company, with capabilities in research, development, manufacturing, and distribution of stem cell products. Osiris has also formed a partnership with Genzyme Corp. for the development and commercialization of Prochymal and Chondrogen in countries outside the United States and Canada. Osiris has an extensive intellectual property portfolio to protect the company's technology including 47 U.S. patents each having one or more foreign counterparts. Osiris, Prochymal and Chondrogen are registered trademarks of Osiris Therapeutics, Inc. More information can be found on the company's website, [www.Osiris.com](http://www.Osiris.com). (OSIR-G)

### Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "ongoing," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements include, but are not limited to, statements regarding the following: our product development efforts; our clinical trials and anticipated regulatory requirements and the ability to successfully navigate these requirements; the success of our product candidates in development; status of the regulatory process for our biologic drug candidates; implementation of our corporate strategy; our financial performance; our product research and development activities and projected expenditures, including our anticipated timeline and clinical strategy for Prochymal, Chondrogen and our other MSC and biologic drug candidates; our cash needs; patents and proprietary rights; the safety and ability of our potential products to treat disease and the results of our scientific research; our plans for sales and marketing; our plans regarding our facilities; types of regulatory frameworks we expect will be applicable to our potential products; and results of our scientific research. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Risks and uncertainties related to the Collaboration Agreement with Genzyme include, among others: typical business transactional risks; risks related to product development and clinical trial design, performance and completion; uncertainty of the success of Prochymal and Chondrogen in clinical trials and their ability to treat disease; Genzyme's early termination and opt-out rights; the ability of Osiris and Genzyme to successfully navigate regulatory requirements and to manufacture



and commercialize products; and the uncertainty as to the ability of the parties to successfully perform under the collaborative arrangement and for Osiris to earn milestone and royalty payments thereunder. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in the section entitled "Risk Factors" in our Annual Report on Form 10-K and Quarterly Reports filed on Form 10-Q, with the United States Securities and Exchange Commission. Accordingly, you should not unduly rely on these forward-looking statements. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this press release or to reflect the occurrence of unanticipated events.

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