



May 29, 2012

Osiris Receives Medicare Reimbursement Codes for Grafix®

COLUMBIA, Md.--(BUSINESS WIRE)-- Osiris Therapeutics, Inc. (NASDAQ: OSIR), the leading stem cell company focused on developing and commercializing products to treat medical conditions in inflammatory, cardiovascular, orthopedic, and wound healing markets, announced today that it has received transitional pass-through status from the Center for Medicare & Medicaid Services ("CMS"), with C-Codes being designated for Grafix®. Further, the product has been assigned pass-through status under Medicare's outpatient prospective payment system ("OPPS"), effective July 1, 2012. These codes will assist in facilitating reimbursement when Grafix products are used to treat Medicare patients with acute and chronic wounds in the hospital outpatient department and ambulatory surgical center settings.

"We are very pleased with CMS, and their decision to assign pass-through codes for our Grafix line of Biosurgery products," said Frank Czworoka, Executive Director, Wound Care of Osiris Therapeutics. "This step will allow more Medicare patients and their providers to have greater access to these next-generation regenerative medicine products."

CMS also issued a preliminary positive decision for the assignment of permanent Healthcare Common Procedure Coding System (HCPCS) Q-codes for Grafix. If the decision is made permanent, it is anticipated that the Q-codes would be available starting in January 2013. The assignment of unique Q-codes will assist in facilitating reimbursement in the physician office setting, offering additional access for Medicare patients.

Non-healing wounds remain a serious unmet medical need and result in over 100,000 amputations each year in the United States alone. Current treatment options include growth factors and bioengineered dressings. However, when chronic wounds fail to respond to current standards of care, new advances are needed. Research shows that mesenchymal stem cells (MSCs) in normal skin play a critical role in the wound healing process. Grafix is the only commercially available product that provides viable, endogenous MSCs together with growth factors and an optimal tissue matrix, making it well suited to promote active dermal healing.

About Grafix

Grafix is a three-dimensional cellular matrix designed for application directly to acute and chronic wounds, including diabetic foot ulcers and burns. Flexible, conforming and immune neutral, this cellular repair matrix provides a rich source of viable, mesenchymal stem cells ("MSCs") and growth factors directly to the site of the wound, while the matrix protects the area from inflammation, scarring, and infection. Grafix is manufactured using a unique proprietary process that preserves the matrix, cells and growth factors needed for successful healing.

About Osiris Therapeutics

Osiris Therapeutics, Inc. is the leading stem cell company, having developed the world's first approved stem cell drug, Prochymal. The company is focused on developing and marketing products to treat medical conditions in inflammatory, cardiovascular, orthopedic and wound healing markets. Osiris currently markets Prochymal for pediatric refractory GvHD in Canada, Grafix® for burns and chronic wounds, and Ovation® for orthopedic applications. The company's pipeline of internally developed biologic drug candidates under evaluation includes Prochymal for inflammatory, autoimmune and cardiovascular indications, as well as 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 developed an extensive intellectual property portfolio to protect the company's technology, including 48 U.S. and 144 foreign patents.

Osiris, Prochymal, Grafix and Ovation are registered trademarks of Osiris Therapeutics, Inc. More information can be found on the company's website, 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. 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 other Periodic 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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Source: Osiris Therapeutics, Inc.

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