



INSIDER TRADING POLICY

In the normal course of business, officers, directors and employees of this company may come into possession of material nonpublic information about the company, its business or its corporate collaborators. In the eyes of the law, this information is considered the property of the company; you have been entrusted with it. In particular, you may not seek to profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit. The purpose of this policy statement is both to inform you of your legal responsibilities in this area, and to make clear to you that the misuse of material nonpublic information is contrary to company policy and the securities laws and will be dealt with severely (including dismissal).

Insider trading (trading a security with knowledge of material nonpublic information about that security or the issuer of that security) is a crime, penalized by fines of up to \$5,000,000 or 20 years in prison, or both, for individuals. In addition, the SEC may seek to impose a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also pay over to the issuer any profits they make, and are often subjected to an injunction against future violations. Finally, under some circumstances, such insider traders may be subjected to civil liability in private lawsuits.

In addition to these consequences to the insider traders, employers and other controlling persons (including supervisory personnel) are at risk under federal law for the actions of their employees. Controlling persons may, among other things, face penalties of the greater of \$1,000,000 or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading. Even if the company is not prosecuted, the fact that a director, officer or employee was under investigation or prosecuted for insider trading could severely damage the reputation of the company.

Thus, it is important both to you and the company that insider trading violations not occur. You should be aware that stock market surveillance techniques have become extremely sophisticated and are being improved all the time. The chance that federal authorities or exchange regulators will detect even small-level trading is a significant one. The risk is simply not worth taking.

The Insider Trading Laws

As an officer, director or employee, you may not seek to benefit personally by buying or selling securities while in possession of material, nonpublic information. This rule applies, of course, to trading in our own securities (whether common stock, preferred stock, convertible securities or options on stock). But it also applies to trading in the

securities of other companies if you learn something in the course of your employment or relationship with us that might affect their value. For instance, if you learned that we were about to acquire ABC Corporation prior to a public announcement, it would almost certainly be an insider trading violation for you to buy or sell ABC securities as well as our securities. If you learned something about XYZ Corporation which was not publicly known while you were working for us on collaboration with XYZ, buying or selling XYZ securities might well be considered illegal, even if the information learned was not related to the collaboration. The insider trading rules apply both to purchases of securities (to make a profit based on good news) and sales of securities (to avoid a loss based on bad news). Sometimes material nonpublic information about the company or another company with which we are working comes to your attention even though you are not directly involved in the project. You are nonetheless prohibited from buying or selling our securities or the securities of such other company.

For information to be "material," it must be information that the typical investor would likely consider significant. Chances are, if you learn something that leads *you* to want to buy or sell securities, that information will be considered material. It is important to keep in mind that material information need not be *definite* information: information that something is *likely* to happen, or even just that it *may* happen, can be considered material. For example, if you found out that a feasibility study was a success, or preliminary data from a clinical trial is positive, from which you determine that a successful new product might be developed or approved, you would probably be in possession of material information. So, too, if you learned that we were in merger negotiations, even though the deal had not yet been agreed to and may never be agreed to. Keep in mind that the SEC takes the view that the mere fact that you know the information is enough to bar you from trading; thus our policy is that it is no excuse that your reasons for trading were not based on that information.

"Nonpublic" information is any information that is not reasonably accessible to the investing public. Once the company releases information through public channels (for instance, in a press release or an SEC filing), it may take up to 48 hours for it to be broadly disseminated.

Besides your obligation to refrain from trading while in possession of material, nonpublic information, you are also prohibited from "tipping" others. The concept of unlawful tipping includes passing on information to friends, family members or others under circumstances that suggest that you were trying to help them make a profit or avoid a loss. When tipping occurs, both the "tipper" and the "tippee" may be held liable, and this liability may extend to all those to whom the tippee turns around and gives the information. Besides being considered a form of insider trading, of course, tipping is also a serious breach of corporate confidentiality. For this reason, you should be careful to avoid discussing confidential information in any place (for instance, at lunch, on public transportation, in elevators, etc.) where such information may be overheard by others or on cordless or cellular phones. Discussions of material nonpublic information among our employees are not "tipping" because each employee is bound by this policy. However, such discussions should be strictly limited to those employees who have a "need to know" so as to reduce the possibility of leaks.

Policy

Because insider trading creates such a risk of liability to both you and the company, it is contrary to company policy to engage in any activity that would be considered unlawful trading or tipping under the securities laws with information gained as a result of your employment or relationship with us, whether in our own company's securities or the securities of another company. This policy extends to your immediate family members and anyone living in your home. **Persons violating this policy will be subject to disciplinary action, which may include immediate dismissal from the company.** It is also company policy that any investing that you do in company securities or the securities of any company that has a significant relationship with us be on a "buy and hold" basis. Active trading, short-term speculation, hedging, margin purchases and short sales are discouraged and any such transaction must be pre-cleared with the Chief Financial Officer.

Buying and Selling Company Securities

If you want to buy or sell any of our securities (whether common stock, preferred stock, corporate notes or options on stock), you must first ask yourself the following questions:

1. *Am I in possession of material, nonpublic information?* If so, you may not buy or sell or otherwise trade any of our securities, no matter what position you hold with the company. If you are not sure as to the answer to this question, err on the side of caution and do not buy, sell or trade.
2. *Has the Chief Financial Officer advised directors, officers and employees that no purchases or sales of our securities be made?* From time to time, the Chief Financial Officer may determine that certain persons within the company or everyone within the company may not buy or sell our securities, at which time he or she will notify you through a company-wide memo or e-mail. Please note that the fact that the Chief Financial Officer has determined that no purchases or sales may be made is itself material nonpublic information that should not be discussed outside the company.
3. *Has the company recently issued financial or other material information to the public or is it about to?* You may not buy or sell in the 48-hour period after the initial release to the public of financial or other material information regarding the company. The company typically releases that information to the public through press releases and filings with the SEC (for example, reports on Forms 10-Q, 10-K and 8-K). A company-wide e-mail will inform you of each press release or SEC filing which would impose a 48-hour period in which no purchases, sales or trades may be made.
4. *Is the trading "window" open?* You may only buy or sell our securities during a quarterly "window", which shall normally open 48 hours after the initial release to the public of quarterly or annual financial information and shall close two weeks prior to the end of the quarter. You will be notified when the "window" has been opened and closed. All employees of the company and members of the Board of Directors are subject to this requirement.

5. *Do I routinely have access to material nonpublic information?* **All employees of Osiris are deemed to have access to nonpublic information, therefore, you must obtain clearance from the Chief Financial Officer before you may buy or sell any of our securities, even if the “window” is then open and sales would otherwise be allowed under this policy.** Be advised that pre-clearance from the Chief Financial Officer does not relieve you of your obligations under the securities laws; it is a safeguard we have put in place to help protect you and the company.

Exercising Stock Options

You may exercise your stock options for cash at any time. However, "cashless" exercises may only be made at a time that you could otherwise sell our securities. No matter how you acquire our securities, you may only sell our securities, including those obtained through a stock option exercise, at the time(s) outlined above.

Regular Selling Programs and Planned Sales

Under SEC Rule 10b5-1, sales of our securities may be permitted when planned for in advance so that possession of material nonpublic information at the time of the sale is irrelevant. If you are a member of the board of directors, a vice president or higher, work in the finance department or in business development or otherwise routinely have access to material nonpublic information, you may find planned sales under Rule 10b5-1 useful. Any planned sales must be approved in advance by the Chief Financial Officer and counsel to the company.

Buying or Selling Securities of Other Companies

If you want to buy or sell any securities (whether common stock, preferred stock, convertible securities, options, warrants or derivatives) of a company that is a corporate partner, a collaborator, a possible acquisition target or any other company with which we have a significant relationship, you must first determine whether you are in possession of any nonpublic information and whether that information is material to that company. If you are not sure whether you are in possession of material nonpublic information, err on the side of caution and do not buy, sell or otherwise trade such securities.

Investing in Mutual Funds

You may invest in any mutual fund which invests in our securities or the securities of any company with which we have a significant relationship without regard to this policy.

Disclosure of Confidential Information

The confidentiality of all material nonpublic information of which you learn while working at the company (whether or not such information is about the company) must be strictly maintained within the company. Only the Chief Executive Officer, Chief Financial Officer and Director, Investor Relations are authorized to disclose material nonpublic information about the company to the public, members of the investment community (including analysts), or to our shareholders, unless one of these officers expressly authorizes disclosure by another employee in advance. You should not, under

any circumstances, recommend or express opinions as to our securities or comment on rumors or predictions about the company, regardless of whether the rumor is false and whether you think your recommendation, opinion or comment is being made on an anonymous basis (for example, in a website chat room). If you are ever asked a direct question about the company or any prevailing rumor about the company, respond that it is company policy not to comment on such matters and that any questions should be directed to the Director, Investor Relations or the Chief Financial Officer.

CERTIFICATE OF COMPLIANCE

I represent that I have read, and promise to comply with, the Osiris Therapeutics Insider Trading Policy.

Name:

Date: