



## **Osiris Therapeutics Announces \$2 Million Milestone Payment for Clinical Progress of a Stem Cell Therapy for Type 1 Diabetes**

**COLUMBIA, Maryland – June 25, 2008** – Osiris Therapeutics, Inc. (NASDAQ:OSIR) today announced that it has achieved \$2 million in milestone payments from the Juvenile Diabetes Research Foundation (JDRF) for progress made on a Phase II clinical trial evaluating Prochymal, a mesenchymal stem cell (MSC) therapy, for patients recently diagnosed with type 1 diabetes. The payments were triggered when Osiris accomplished certain clinical and regulatory milestones including initiating patient treatments.

“Due to the long-term effects of type 1 diabetes, there is a critical need to develop more effective therapies,” said Jay S. Skyler, M.D., Professor of Medicine and Associate Director of the Diabetes Research Institute at the University of Miami. “Our ultimate goal with this research is to develop a treatment that we could give a patient at the onset to safely halt progression of the disease and preserve enough islet cell function to avoid the need for insulin administration all together.”

Type 1 diabetes is a disorder where a patient’s own immune system attacks and destroys insulin-producing islet cells in the pancreas, resulting in the loss of control of blood sugar. Currently, there are no approved treatments for preventing the progression of the disease. Preclinical studies suggest MSCs have the ability to delay the progression of type 1 diabetes. In human clinical trials Prochymal has already show great promise for treating Graft vs. Host disease (GvHD) and Crohn’s disease, both severe immune-mediated diseases. Prochymal is currently in Phase III trials for both disease and has been given Fast Track status by the Food and Drug Administration.

“Because Prochymal has been shown to home to sites of inflammation and inhibit immune system attack in other disease states, we are very excited about evaluating its potential to alter the course of this debilitating condition,” said Kashif Latif, M.D., Medical Director of the AM Diabetes and Endocrinology Center and Assistant Professor of Medicine at the University of Tennessee in Memphis. “Our treatment of the first patient in this landmark trial is an important step towards examining the long-term therapeutic benefit of Prochymal for the improvement of pancreatic insulin production.”

For more information about the trial and how to participate, please visit the Osiris website at [www.Osiris.com](http://www.Osiris.com).

### **About the Phase II Type 1 Diabetes Trial**

The Phase II trial is evaluating the safety and efficacy of Prochymal in preserving insulin production in patients 18-30 years old recently diagnosed with type 1 diabetes. The design is a double-blind, placebo-controlled, multicenter trial with a target enrollment of 60 patients. The primary endpoint of the trial will be the measurement of C-peptide produced after glucose stimulation. This test is frequently used in diabetic patients to assess the pancreas’ ability to produce insulin. Patients will be followed for safety and efficacy for a total of 2 years.

### **About Juvenile Diabetes Research Foundation**

JDRF is the leading charitable funder and advocate of type 1 (juvenile) diabetes research worldwide. The mission of JDRF is to find a cure for diabetes and its complications through the support of research. Type 1 diabetes is a disease which strikes suddenly and requires multiple injections of insulin daily or a continuous infusion of insulin through a pump. Insulin, however, is not a cure for diabetes, nor does it prevent its eventual and devastating complications which may include kidney failure, blindness, heart disease, stroke, and amputation.

Since its founding in 1970 by parents of children with type 1 diabetes, JDRF has awarded more than \$1.16 billion to diabetes research, including more than \$137 million in FY2007. In FY2007, the Foundation funded 700 centers, grants and fellowships in 20 countries.



## **About Osiris Therapeutics**

Osiris Therapeutics, Inc. is a leading stem cell therapeutic company focused on developing and marketing products to treat medical conditions in the inflammatory, orthopedic and cardiovascular areas. Osiris currently markets and sells Osteocel for regenerating bone in orthopedic indications. Prochymal is being evaluated in Phase III clinical trials for three indications, including acute and steroid refractory Graft versus Host Disease and also Crohn's disease, and is the only stem cell therapeutic currently designated by FDA as both an Orphan Drug and Fast Track product. Osiris also has partnered with Genzyme Corporation to develop Prochymal as a medical countermeasure to nuclear terrorism and other radiological emergencies. Prochymal is also 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 repair of lung tissue in patients with 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, having developed capabilities in research, development, manufacturing, marketing and distribution of stem cell products. Osiris has developed 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, Chondrogen and Osteocel 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; 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 MSCs and biologic drug candidates; our cash needs; patents and proprietary rights; ability of our potential products to treat disease; 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 filed 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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