



## OSIRIS THERAPEUTICS, INC.

### Osiris Raises \$50 Million to Commercialize First Stem Cell Products

#### Proceeds will advance three promising treatments currently in human trials.

**BALTIMORE, MD, June 8, 2005** - Osiris Therapeutics, Inc. announces that it has finalized a \$50 million aggregate private investment round through equity and convertible debt. The financing will fund the company's three ongoing clinical trial programs using their proprietary adult stem cell technology platform. The round was arranged by Swiss investment firm Friedli Corporate Finance, Inc.

"With this successful funding round and the progress being made in the three clinical trials, Osiris continues to demonstrate its ability to execute its commercialization plan," said Chairman of the Board, Peter Friedli. Mr. Friedli is one of the founders of Osiris and was instrumental in arranging the current financing.

"This level of support signifies the confidence our investors have in Osiris to be the first company to bring a stem cell therapy to market," said C. Randal Mills, PhD, President and CEO of Osiris. "As always, we are pleased with the unwavering support of our loyal investors, and we welcome the new investors who participated in the round. The proceeds will be used to aggressively advance our product commercialization plans and bring these revolutionary treatments to patients in need."

The first product, Prochymal™, now in Phase II clinical trials, is a formulation of adult stem cells to treat Graft versus Host Disease (GvHD), a life threatening disease afflicting leukemia patients who have received a bone marrow transplant. Osiris has recently enrolled several prominent cancer centers in the trial including the M.D. Anderson Cancer Center in Houston, Texas, one of the world's leading bone marrow transplant facilities. "We are hopeful that this therapy may be a viable treatment option for patients suffering from this direct complication of transplantation," said Partow Kebriaei, MD, Assistant Professor, Blood and Marrow Transplantation at M.D. Anderson. "The treatments available to us currently for Gastrointestinal GvHD are marginally effective at best, which makes Prochymal a potentially significant breakthrough."

The second product, Provacel™, a formulation of stem cells to repair damaged heart tissue following heart attack, is enrolling patients in a Phase I clinical trial. In preclinical studies, Provacel reversed the damage caused by a heart attack and significantly improved cardiac function. "This is a landmark study that could ultimately benefit hundreds of thousands of patients a year" said Nabil Dib, MD, Chief of Cardiovascular Research at the Arizona Heart Institute. "The aim is to develop a stem cell product that will repair the damage caused by a heart attack and prevent the progression to heart failure."

Most recently, Osiris won approval from FDA to begin a Phase I/II study for its third product, Chondrogen™, an injection of stem cells formulated to repair damaged tissue in the knee joint and prevent the progression of arthritis. Chondrogen, in development at Osiris since 1999, has shown encouraging preclinical results that served as the basis for FDA's decision. "The product has undergone rigorous preclinical testing over the past six years and has shown the ability to regrow functional meniscal tissue in as little as six weeks," said C. Thomas Vangsness Jr., MD, Professor of Orthopedic Surgery and Chief of Sports Medicine at the University of Southern California's Keck School of Medicine. "More importantly, the product prevented the progression of osteoarthritis in the knee."

Further portions of the proceeds will fund the continued enrichment of the company's product pipeline and expand the company's extensive intellectual property portfolio. The company currently holds more than one hundred issued domestic and foreign patents, with over a hundred more in various stages of approval. "Maintaining our current patent portfolio and seeing our applications through to patent grants will further solidify our already dominant intellectual property position," said Cary J. Claiborne, Osiris' CFO. "This will be especially critical as we begin to commercialize our stem cell products and assert our considerable intellectual property rights."

#### *About Osiris Therapeutics*

Osiris Therapeutics, Inc. is the leader in adult stem cell therapy. The stem cells produced by Osiris are obtained from adult volunteer donors, avoiding the technical problems and controversy surrounding other stem cell technologies. Using proprietary methods, these cells are grown in culture to very high numbers, allowing a single donor's cells to treat thousands of patients. These cells are universal in that they can be used in patients unrelated to the donor, without rejection, eliminating the need for donor matching and recipient immune suppression. Once transplanted, the cells promote healing of damaged or diseased tissues.



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### *About Friedli Corporate Finance*

Friedli Corporate Finance was founded by Peter Friedli in 1986 and is one of the leading Swiss venture capital firms. Since its inception, Friedli Corporate Finance has invested in over 170 biotechnology and technology companies, primarily based in the US. Friedli Corporate Finance manages several investment companies for pension funds, banks and large corporations in Switzerland. Peter Friedli is also the manager of New Venturetec, a public investment company listed on the Swiss exchange.  
[www.newventuretec.com](http://www.newventuretec.com)

For information about Osiris and our ongoing clinical trials, visit our website at [www.OsirisTx.com](http://www.OsirisTx.com).

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