



## **Compensation Committee Charter**

### **I. ORGANIZATION AND MEMBERSHIP**

The Compensation Committee of the Board of Directors (the "Board") of Osiris Therapeutics, Inc. (the "Company") consists of two or more independent directors, each of whom shall satisfy applicable independence rules under the Nasdaq Stock Market ("Nasdaq") and any other regulatory requirements (except as otherwise permitted by applicable law, rule or regulation). Membership on the Compensation Committee is determined and approved annually by the Board. The Compensation Committee Chairman shall be appointed by the Board. Should any Member of the Compensation Committee cease to be independent, such Member shall immediately resign his or her Membership on the Compensation Committee if such resignation is necessary to satisfy the independence requirements under the Nasdaq listing standards and any other regulatory requirements.

The Compensation Committee shall meet as frequently as necessary (at least once each year). A majority of the members of the Compensation Committee shall constitute a quorum for the transaction of business. Minutes are recorded by the Secretary to the Compensation Committee. Approval by a majority of the members present at a meeting at which a quorum is present shall constitute approval by the Compensation Committee. The Compensation Committee may also act in any manner the Board is authorized to act, including by unanimous written consent without a meeting.

### **II. COMPENSATION PHILOSOPHY**

The Compensation Committee's compensation policies with respect to the Company's executive officers are based on the principles that compensation should, to a significant extent, be reflective of the financial performance of the Company, and that a portion of executive officers' compensation should provide long-term incentives. The Compensation Committee seeks to have executive compensation set at levels that are sufficiently competitive so that the Company may attract, retain and motivate high quality executives to contribute to the Company's success. In assessing overall compensation for executive officers, the Compensation Committee considers the Company's performance and industry position, along with general industry data. The Compensation Committee also considers an executive's contribution when reviewing that individual's compensation.

### **III. RESPONSIBILITIES**

The Compensation Committee shall:

- i. coordinate the Board's role in establishing performance criteria for the Chief Executive Officer and the individuals considered executive officers of the Company for SEC reporting purposes ("SEC Officers"), including the review and approval of the Company's goals and objectives relating to the compensation of the Chief Executive Officer and the SEC Officers in light of the overall compensation philosophy set forth in this Charter; and consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") when evaluating and determining executive compensation;
- ii. evaluate the annual performance of the Chief Executive Officer (in executive session) and the SEC Officers and set the annual salary, bonus, stock options and other benefits of the Chief Executive Officer (in executive session) and the SEC Officers. In no event shall the Chief Executive Officer be present during any voting or deliberations by the Compensation Committee on his or her compensation;
- iii. review and recommend to the Board new executive compensation programs; review annually the operation of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s); establish and periodically review policies for the administration of executive compensation programs; and take steps to ensure that the Company's executive compensation programs comport with the Compensation Committee's compensation philosophy stated above;
- iv. periodically review policies in the area of senior management perquisites;
- v. assess succession planning for management and leadership of the Company;
- vi. review and approve management recommendations on option grants or blocks of options to be distributed to the

general employee population;

- vii. administer and interpret the Amended and Restated 1994 Stock Incentive Plan, as amended, and the Amended and Restated 2006 Omnibus Plan, as amended;
- viii. review and recommend to the Board the appropriate structure and amount of compensation for the directors;
- ix. produce a report on executive compensation for inclusion in the Company's annual proxy statement;
- x. have the authority, in its sole discretion, to select, retain, obtain the advice of, and terminate any compensation consultant, legal counsel or other advisor as it deems necessary to assist with the execution of its duties and responsibilities as set forth in this Charter, provided that in determining whether to select, retain or obtain the advisor of any such compensation consultant, legal counsel or other advisor, the Compensation Committee shall take into consideration the independence factors specified in the Nasdaq listing standards; set the compensation, and oversee the work, of any such compensation consultant, legal counsel or other advisor; and receive appropriate funding from the Company, as determined by the Compensation Committee in its capacity as a committee of the Board, for the payment of compensation to any such compensation consultant, legal counsel or other advisor;
- xi. review and approve blocks of options to be granted by the Company to the executive officers and employees as recommended by the Chief Executive Officer;
- xii. review and recommend to the Board the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on the frequency of Say on Pay Votes, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement; and
- xiii. review and reassess, at least annually, the adequacy of this Charter and make recommendations to the Board, as appropriate, to update this Charter.

Compensation responsibilities not specifically addressed above may be determined by the Chief Executive Officer and his designees.

#### **IV. REPORTING RESPONSIBILITY**

All action taken by the Compensation Committee shall be reported to the Board at the next Board meeting following such action. In addition, compensation matters may be discussed (in executive session) with the full Board during the course of the year.