

OSIRIS THERAPEUTICS, INC.  
Form PRE 14A  
April 21, 2015

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**OSIRIS THERAPEUTICS, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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7015 Albert Einstein Drive  
Columbia, MD 21046  
Tel: 443.545.1800  
Fax: 443.545.1701

www.Osiris.com

May 1, 2015

Dear Stockholders,

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Osiris Therapeutics, Inc. to be held at 1:30 p.m. Eastern Daylight Time ("EDT"), on Wednesday, June 10, 2015, at our corporate offices located at 7015 Albert Einstein Drive, Columbia, Maryland 21046.

At the Annual Meeting, we will ask you to vote on:

1. The approval of an amendment to our articles of incorporation, as amended and supplemented (our "Charter"), to declassify the Board of Directors and adopt concurrent annual terms for all the members of the Board of Directors;
2. If Proposal 1 is approved, the election of five directors to serve until the annual meeting of stockholders in the year 2016 and until their respective successors are duly elected and qualified; or if Proposal 1 is not approved, the election of one director to serve until the annual meeting of stockholders in the year 2018 and until his successor is duly elected and qualified;
3. The ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and
4. Such other matters as may properly come before the Annual Meeting, or any adjournments or postponements thereof.

If you were a stockholder of record at the close of business on April 21, 2015, you are entitled to notice of, and to vote at, the annual meeting. Your vote is very important to us. You may vote over the Internet or, if you request to receive a printed copy of the proxy materials, by completing, signing and mailing a proxy card. Beneficial stockholders may also vote by telephone by following the directions provided on the Notice of Internet Availability Voting Instructions.

Sincerely,

Lode Debrabandere, Ph.D.  
President and Chief Executive Officer

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## OSIRIS THERAPEUTICS, INC.

### NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

**TIME:** 1:30 P.M. EDT on Wednesday, June 10, 2015

**PLACE:** Osiris Therapeutics, Inc.  
7015 Albert Einstein Drive  
Columbia, Maryland 21046

**ITEMS OF BUSINESS:**

1. To approve an amendment to our Charter to declassify the Board of Directors and adopt concurrent annual terms for all the members of the Board of Directors.
2. If Proposal 1 is approved, to elect five directors to serve until the annual meeting of stockholders in the year 2016 and until their respective successors are duly elected and qualified. If Proposal 1 is not approved, to elect one director to serve until the annual meeting of stockholders in the year 2018 and until his successor is duly elected and qualified;.
3. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.
4. To consider such other business as may properly be brought before the 2015 Annual Meeting and any adjournment or postponement thereof.

**RECORD DATE:** You are entitled to vote at the 2015 Annual Meeting if you were a stockholder of record at the close of business on April 21, 2015.

**ANNUAL MEETING ADMISSION:** We hope you will be able to attend the Annual Meeting. You may be asked to present valid picture identification at the Annual Meeting, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

**PROXY VOTING:** It is important that your shares be represented and voted at the meeting. You may vote your shares by voting in person at the meeting, by Internet, or by completing and returning a proxy card. Beneficial stockholders may also vote by telephone. See details under the heading "How do I vote?"

BY ORDER OF THE BOARD OF DIRECTORS

Philip R. Jacoby, Jr.  
*Corporate Secretary*

May 1, 2015

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting  
To Be Held on June 10, 2015:**

The proxy statement and annual report to security holders are available  
at <http://www.pstvote.com/osiris2015>

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7015 Albert Einstein Drive  
Columbia, MD 21046  
Tel: 443.545.1800  
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www.Osiris.com

May 1, 2015

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**PROXY STATEMENT FOR 2015 ANNUAL MEETING OF  
STOCKHOLDERS**

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This proxy statement provides information that you should read before you vote on the proposals that will be presented at the 2015 Annual Meeting of Stockholders of Osiris Therapeutics, Inc. The 2015 Annual Meeting is scheduled to be held on Wednesday, June 10, 2015, at 1:30 p.m., EDT, at Osiris Therapeutics, Inc.'s principal executive office, located at 7015 Albert Einstein Drive, Columbia, Maryland 21046.

On or about May 1, 2015, we will begin mailing either a Notice of Internet Availability of Proxy Materials or, in certain cases, printed sets of the proxy materials, including the Notice of 2015 Annual Meeting of Stockholders, this proxy statement, the accompanying proxy card, the Annual Report on Form 10-K for the year ending December 31, 2014 and Osiris Therapeutics, Inc.'s [2014] Annual Report to Stockholders, to stockholders who according to our records owned shares of our common stock at the close of business on April 21, 2015. For those stockholders of record located outside of the United States, notice is also being sent by email or facsimile to any email or facsimile number provided by the stockholder, and appearing on the records of the financial institution that holds the shares.

This proxy statement and the accompanying annual report to stockholders are also available electronically at <http://investor.osiris.com/documents.cfm>.

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**GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

**Why am I receiving these proxy materials?**

We are providing you with proxy materials, or access thereto, in connection with the solicitation by the Board of Directors of Osiris Therapeutics, Inc., a Maryland corporation ("Osiris," the "Company," "we," "us" or "our"), of proxies to be used at our 2015 Annual Meeting of Stockholders and at any adjournment or postponement thereof. Stockholders are invited to attend the 2015 Annual Meeting, which is scheduled to be held at 1:30 p.m., EDT, on Wednesday, June 10, 2015, and are requested to vote on the proposals described in this Proxy Statement.

A full set of printed proxy materials, or a Notice of Internet Availability of Proxy Materials ("Notice of Internet Availability") will be sent to holders of record and beneficial owners of our common stock, starting on or around May 1, 2015, and the proxy materials, including the Notice of Annual Meeting, Proxy Statement, Proxy Card, 2014 Annual Report on Form 10-K and our 2014 Annual Report to Stockholders, will be made available to stockholders on the Internet on the same date.

**Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials? Alternatively, why did I receive a full set of printed proxy materials this year instead of a Notice of Internet Availability?**

Pursuant to rules adopted by the Securities and Exchange Commission ("SEC"), we are providing access to the Company's proxy materials over the Internet rather than printing and mailing the proxy materials. We believe electronic delivery will expedite the receipt of materials and will help lower our costs and reduce the environmental impact of our annual meeting materials. Therefore, a Notice of Internet Availability will be mailed to holders of record and beneficial owners of our common (or e-mailed, in the case of stockholders of record that have previously requested to receive proxy materials electronically) starting on or around May 1, 2015. The Notice of Internet Availability will provide instructions as to how stockholders may access and review the proxy materials, including the Notice of Annual Meeting, Proxy Statement, Proxy Card, 2014 Annual Report on Form 10-K and our 2014 Annual Report to Stockholders, on the website referred to in the Notice of Internet Availability or, alternatively, how to request that a copy of the proxy materials, including a proxy card, be sent to them by mail. The Notice of Internet Availability will also provide voting instructions. In addition, stockholders of record may request to receive the proxy materials in printed form by mail or electronically by e-mail on an ongoing basis for future stockholder meetings. Please note that, while our proxy materials are available at the website referenced in the Notice of Internet Availability, and our Notice of Annual Meeting, Proxy Statement and 2014 Annual Report on Form 10-K and our 2014 Annual Report to Stockholders are available on our website, no other information contained on either website is incorporated by reference in or considered to be a part of this document.

Holders of record of our common stock may receive a full set of printed proxy materials this year instead of a Notice of Internet Availability either because that stockholder previously requested to receive materials in printed form or because the Company has the option to stratify its mailing by sending a Notice of Internet Availability to certain stockholders and a full printed set of proxy materials to others. The following questions and answers about the proxy materials and the Annual Meeting, while generally referring to the Notice of Internet Availability, apply equally to those stockholders receiving a full set of printed proxy materials

**What information is contained in these materials?**

The information included in this Proxy Statement relates to proposals you will vote on at the 2015 Annual Meeting, the voting process, the compensation of our directors and named executive officers in 2014 and certain other information.

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**How may I obtain directions to attend the 2015 Annual Meeting of Stockholders and vote in person?**

Beneficial owners of our common stock may obtain directions to attend the meeting and vote in person by calling the toll-free number provided on the Notice of Internet Availability, or visiting the website at <http://www.proxyvote.com> or sending us an e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). Registered stockholders may obtain directions to the meeting and vote in person by visiting the website at <http://www.pstvot.com/osiris2015>.

**Why did I receive more than one Notice of Internet Availability or set of printed proxy materials?**

You may receive multiple Notices of Internet Availability or sets of printed proxy materials if you hold your shares of Osiris's common stock in multiple accounts (such as through a brokerage account and an employee benefit plan). **If you hold your shares of Osiris's common stock in multiple accounts, you should vote your shares as described in each separate Notice of Internet Availability or set of printed proxy materials you receive.**

If you are a stockholder of record, you may contact the Corporate Secretary, Osiris Therapeutics, Inc., 7015 Albert Einstein Drive, Columbia, Maryland 21046 (telephone: (443) 545-1800) if you are currently receiving multiple Notices of Internet Availability or sets of printed proxy materials and want to request delivery of a single Notice of Internet Availability or set of printed proxy materials in the future. If your shares are held in "street name" and you want to increase or decrease the number of Notices of Internet Availability or sets of printed proxy materials delivered to your household in the future, you should contact your broker, bank or other custodian who holds the shares on your behalf.

**What is the difference between a "stockholder of record" and a "street name" holder?**

If your shares are registered directly in your name with Osiris's transfer agent, Philadelphia Stock Transfer, Inc., you are considered a "stockholder of record" or a "registered holder" of those shares. In such case, a Notice of Internet Availability or set of printed proxy materials has been sent to you directly by Philadelphia Stock Transfer.

If your shares are held in a stock brokerage account or by a bank, trust or other nominee or custodian, you are considered the "beneficial owner" of those shares, which are held in "street name." A Notice of Internet Availability or set of printed proxy materials has been forwarded to you by or on behalf of your broker, bank, trustee or other holder, who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your broker, bank, trustee or other holder of record as to how to vote your shares by following its instructions for voting.

**Who is entitled to vote at the 2015 Annual Meeting?**

Osiris's Board of Directors has established April 21, 2015 as the record date for the 2015 Annual Meeting of Stockholders. Only stockholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the 2015 Annual Meeting. At the close of business on April 21, 2015, there were 34,397,813 outstanding shares of Osiris's common stock. Each share of common stock is entitled to one vote on each matter properly brought before the 2015 Annual Meeting.

**What will I vote on?**

There are three proposals scheduled to be voted on at the 2015 Annual Meeting:

The approval of an amendment to our Charter to declassify our Board of Directors and adopt concurrent annual terms for all the members of the Board of Directors;

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if the proposal to amend our Charter is approved, the election of five directors to serve until the annual meeting of stockholders in the year 2016 and until their respective successors are duly elected and qualified; or if the proposal to amend our Charter is not approved, the election of one director to serve until the annual meeting of stockholders in the year 2018 and until his successor is duly elected and qualified; and

the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

**How many votes must be present to hold the 2015 Annual Meeting?**

A "quorum" is necessary to call the 2015 Annual Meeting to order and transact business. A quorum is established if the holders of a majority of the votes entitled to be cast by stockholders are present at the meeting, either in person or by proxy. Abstentions and broker non-votes are counted as present for purposes of determining a quorum. Shares of common stock represented by executed proxies received by the Company will be counted for purposes of establishing a quorum at the meeting, regardless of how or whether such shares are voted on any specific proposal.

**What are the voting recommendations of Osiris's Board of Directors?**

Osiris's Board of Directors recommends that you vote your shares as follows:

"**FOR**" the approval of the amendment to our Charter to declassify our Board of Directors and adopt concurrent annual terms for all the members of the Board of Directors;

"**FOR**" the election of each of the nominees to the Board; and

"**FOR**" the ratification of the appointment of BDO USA, LLP as Osiris' independent registered public accounting firm for the fiscal year ending December 31, 2015.

**How do I vote?**

You may vote in several different ways:

*In person at the 2015 Annual Meeting*

You may vote in person at the 2015 Annual Meeting. You may also be represented by another person at the meeting by executing a proxy properly designating that person. If you are the beneficial owner of shares held in "street name," you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to attend and vote in person at the meeting.

*By telephone*

Beneficial stockholders may vote by calling the telephone number specified on the Voting Instruction Form. Please have your proxy card handy when you call and use any touch-tone phone to transmit your voting instructions. Record stockholders do not have the option to vote their shares by telephone.

*By Internet*

You may vote by using the Internet by following the instructions on your Notice of Internet Availability. Beneficial owners may vote their shares using the Internet at [www.proxyvote.com](http://www.proxyvote.com) to submit your voting instructions. Record stockholders may vote their shares using the Internet at [www.pstvot.com/osiris2015](http://www.pstvot.com/osiris2015) to submit your voting instructions. Please have your proxy card handy when



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you go online. If you vote on the Internet, you may also request electronic delivery of future proxy materials.

*By mail*

You may vote by completing, signing, dating and returning a proxy card. A proxy card is available on line at the website provided in the Notice of Internet Availability, and a proxy card will also be mailed to you with a full set of proxy materials upon request. If you did not receive a Notice of Internet Availability, but instead received delivery of a full set of proxy materials, a proxy card is included with the full set of proxy materials mailed to you. In either case, a postage-paid envelope will be provided along with the proxy card.

Unless in the unlikely event the meeting is adjourned or postponed, in which case the time may be extended, telephone and Internet voting for stockholders of record will be available until 11:59 PM Eastern Time on June 9, 2015, and mailed proxy cards must be received by June 9, 2015 in order to be voted at the Annual Meeting. The availability of telephone and Internet voting for beneficial owners of other shares held in "street name" will depend on your broker, bank or other holder of record and we recommend that you follow the voting instructions on the Notice of Internet Availability that you receive from them.

If you are mailed or otherwise receive or obtain a proxy card or voting instruction card, and you choose to vote by telephone or by Internet, you do not have to return your proxy card or voting instruction card. However, even if you plan to attend the 2015 Annual Meeting, we recommend that you vote your shares in advance so that your vote will be counted if you later decide not to attend the meeting.

**How can I change my vote?**

If you are a stockholder of record, you may revoke your proxy before it is exercised by:

Sending a written notice to the Corporate Secretary, Osiris Therapeutics, Inc., 7015 Albert Einstein Drive, Columbia, Maryland 21046, stating that your proxy is revoked. The notice must be received prior to the 2015 Annual Meeting;

Signing and delivering a later-dated proxy card to the Corporate Secretary after voting by telephone or using the Internet, so that it is received prior to the 2015 Annual Meeting;

Voting by telephone or using the Internet after the date of your proxy card and before the 2015 Annual Meeting; or

Attending the 2015 Annual Meeting and voting in person by ballot. Your attendance at the 2015 Annual Meeting in person will not cause your previously granted proxy to be revoked unless you specifically so request or you vote by ballot at the meeting.

If you are a beneficial owner of shares held in "street name", you may submit new proxy voting instructions by contacting your bank, broker or other holder of record.

**Who will count the votes?**

A stockholder will be appointed at the 2015 Annual Meeting to serve as the Company's inspector of election at the 2015 Annual Meeting and will tabulate the votes.

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**What is an abstention?**

An "abstention" occurs when a stockholder executes a proxy using the Internet, by phone or by returning a proxy card, but he or she refrains from voting as to a particular matter by indicating that he or she "abstains" as to that matter.

**What is a broker non-vote?**

Broker non-votes occur when a broker, such as a bank holding shares on behalf of beneficial owners, does not receive voting instructions from the beneficial owners at least ten days before the meeting. If that happens, the broker may vote those shares only on matters deemed "routine," such as the ratification of the appointment of the independent registered public accounting firm. On non-routine matters, brokers cannot vote unless they receive voting instructions from beneficial owners, resulting in the submission by the brokers of proxies indicating so called "broker non-votes." All of the items being considered at the 2015 Annual Meeting, except for the ratification of the appointment of the independent registered public accounting firm, are considered "non-routine" matters.

**What vote is required to approve each proposal and how are votes counted?**

**Proposal 1: Approval of Amendment to our Charter** The affirmative vote of a majority of the votes entitled to be cast at this annual meeting is required to amend our Charter. Abstentions and broker non-votes will have the same effect as votes against this proposal.

**Proposal 2: Election of Director Nominees** A plurality of the votes cast is required to elect a director, assuming the presence of a quorum. Abstentions are not counted for purposes of electing directors. You may vote FOR each nominee or WITHHOLD your vote from either or all nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Assuming the presence of a quorum and that only the nominees listed in this proxy statement are proposed for election and at least one vote is cast for each of the nominees, abstentions and broker non-votes will have no effect on the result of the vote.

**Proposal 3: Ratify Appointment of Independent Registered Public Accounting Firm** Approval of the proposal to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 requires the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting, assuming the presence of a quorum. Brokers may vote on this proposal on a discretionary basis without direction from stockholders. Abstentions are not considered as votes cast on the matter and thus will have no effect on the results of the vote. We are not required to obtain the approval of our stockholders to select our independent registered public accounting firm. However, if our stockholders do not ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015, the Audit Committee of our Board of Directors may determine to reconsider the appointment.

**Who will bear the costs of soliciting these proxies?**

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no

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additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses. We do not expect to engage a third party to assist us in the solicitation.

**Where can I find the voting results of the 2015 Annual Meeting?**

We will announce preliminary voting results at the 2015 Annual Meeting and will publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the 2015 Annual Meeting.

**How do I obtain a separate Notice of Internet Availability or set of printed proxy materials if I share an address with other stockholders?**

When more than one stockholder of record of Osiris's common stock shares the same address, we may deliver only one Notice of Internet Availability or set of printed proxy materials to that address unless we have received contrary instructions from one or more of those stockholders. Similarly, brokers and other nominees holding shares of Osiris's common stock in "street name" for more than one beneficial owner with the same address may deliver only one Notice of Internet Availability or set of printed proxy materials to that address if they have received consent from those beneficial owners. We will deliver promptly upon written or oral request a separate Notice of Internet Availability or set of printed proxy materials to any stockholder at a shared address to which a single Notice of Internet Availability or set of printed proxy materials was delivered. To receive additional Notices of Internet Availability or sets of printed proxy materials, or if you are a stockholder of record and would like to receive separate Notices of Internet Availability or sets of printed proxy materials for future annual meetings, you may call or write the Corporate Secretary, Osiris Therapeutics, Inc., 7015 Albert Einstein Drive, Columbia, Maryland 21046 (telephone: 443-545-1800). If you are a beneficial owner of shares held in "street name" and would like to receive separate Notices of Internet Availability or sets of printed proxy materials, you may contact your bank, broker or other holder of record. In addition, if you are a stockholder of record who shares the same address with another stockholder of record and you currently receive separate copies of the Notice of Internet Availability or set of printed proxy materials, you may write or call the Office of the Secretary as indicated above to request that a single Notice of Internet Availability or set of printed proxy materials be delivered to that address.

**How can I obtain a copy of Osiris's Annual Report on Form 10-K for the year ended December 31, 2014?**

Osiris will, upon receipt of a request in writing, provide without charge to each person from whom proxies are being solicited for the 2015 Annual Meeting a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, including the financial statements and any schedules, required to be filed with the Securities and Exchange Commission, excluding exhibits. We may impose a reasonable fee for providing the exhibits to the Form 10-K. Requests should be made to Corporate Secretary, Osiris Therapeutics, Inc., 7015 Albert Einstein Drive, Columbia, MD 21046. Osiris's Annual Report on Form 10-K is also available free of charge through the Investor Relations SEC Filings link on our website, <http://investor.osiris.com/documents.cfm>.

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**PROPOSALS TO BE PRESENTED AT THE ANNUAL MEETING**

**PROPOSAL NO. 1 AMENDMENT OF THE COMPANY'S CHARTER TO DECLASSIFY THE BOARD**

**General**

Our Board, in its continuing review of corporate governance matters has concluded that it is advisable and in the best interests of the Company and its stockholders to amend the Charter to declassify the Board. Accordingly, the Board recommends that the stockholders approve the amendment attached to this proxy statement as Appendix A. Under the present classified Board structure, the Board is classified into three classes as follows: Jay M. Moyes and Hans-Georg Klingemann constitute the Class I directors, with a term ending at the annual meeting of stockholders in 2016; Lode Debrabandere and Felix Gutzwiller constitute the Class II directors, with a term ending at the annual meeting of stockholders in 2017; and Peter Friedli constitutes the Class III director, with a term ending at this Annual Meeting.

**Declassification Proposal**

Proponents of classified boards of directors believe that they help maintain continuity of experience and, as a result, may assist a company in long-term strategic planning. Additionally, supporters argue that a classified board may encourage a person seeking control of a company to initiate arm's-length discussions with management and the board, who may be in a position to negotiate a higher price on more favorable terms for stockholders or to seek to prevent a takeover that the board believes is not in the best interests of stockholders.

Nevertheless, because classified board structures do not permit annual stockholder election of all directors, these structures have been subject to criticism from a corporate governance perspective. Opponents of classified structures believe that they limit the ability of stockholders to elect directors and exercise influence over a company and may discourage takeover proposals and proxy contests that could have the effect of increasing stockholder value. A non-classified board structure enables stockholders to hold all directors accountable on an annual basis, rather than over a three-year period. In light of these views, a number of corporations have determined that principles of good corporate governance dictate that all directors of a corporation should be elected annually.

In considering whether a proposal to declassify the Board was advisable, the Board determined that annual elections of directors will give the stockholders of the Company a greater opportunity to evaluate the performance of the Company's directors by allowing them to vote on each director annually rather than once every three years. The Board approved the amendment to the Charter and recommended that it be submitted to the stockholders for approval at the Annual Meeting.

If our stockholders approve this Proposal 1, then effective immediately following the acceptance for record of the Articles of Amendment setting forth the aforesaid amendment by the State Department of Assessments and Taxation of Maryland, all of our directors whose terms do not expire at this Annual Meeting will resign and, except for Dr. Gutzwiller, all of these resigning directors have been nominated to stand for election to a one-year term expiring at the annual meeting of stockholders in 2016. Dr. Gutzwiller has informed the Company that he is resigning from the Board and will not stand for election. Yves Huwyler has been nominated as his replacement, and Mr. Huwyler and Mr. Friedli, whose term already expires at this Annual Meeting, have also been nominated to stand for election to a one year term expiring at the annual meeting of stockholders in 2016.

As a result, assuming Proposal 1 is approved, at this Annual Meeting and at subsequent annual meetings, absent future changes to our board election procedures, all of our directors would be subject to election to serve until the next annual meeting of stockholders and until their successors have been duly elected and qualified. The Board will retain the authority under certain provisions of Maryland

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law to which the Company is subject to classify the Board again in the future, without stockholder approval.

**Vote Required**

Approval of the amendment to the Charter to declassify our Board requires the affirmative vote of a two thirds majority of all the votes entitled to be cast on the matter at the Annual Meeting. Abstentions and broker non-votes will have the same effect as votes against the proposal, although they will be considered present for the purpose of determining a quorum. Validly executed proxies will be voted in favor of this Proposal 1 unless a stockholder indicates otherwise when submitting its proxy.

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE AMENDMENT TO THE COMPANY'S CHARTER TO DECLASSIFY THE BOARD.**

**PROPOSAL NO. 2 ELECTION OF DIRECTOR NOMINEES**

**General**

Our Board currently consists of five members, classified into three classes as follows: Jay M. Moyes and Hans-Georg Klingemann constitute the Class I directors, with a term ending at the annual meeting of stockholders in 2016; Lode Debrabandere and Felix Gutzwiller constitute the Class II directors, with a term ending at the annual meeting of stockholders in 2017; and Peter Friedli constitutes the Class III director, with a term ending at this Annual Meeting. In each case, subject to earlier death, resignation, removal or retirement, the directors remain in office until their respective successors are duly elected and qualified, notwithstanding the expiration of the otherwise applicable term.

**Declassification Proposal**

Our Board approved an amendment to our Charter to eliminate the classified Board and recommended that the amendment be submitted to the stockholders for approval. See Proposal 1. To make the declassification of the Board effective under Maryland law in advance of the election of directors at the Annual Meeting, we would temporarily recess the Annual Meeting to file Articles of Amendment, setting forth the aforesaid amendment, with the State Department of Assessments and Taxation of Maryland. Mr. Moyes and Drs. Debrabandere, Gutzwiller and Klingemann, whose terms do not expire at the Annual Meeting, will resign, effective immediately following the filing of the Articles of Amendment. Dr. Gutzwiller has notified the Board of his decision to permanently resign from the Board and therefore has not been nominated for election. Yves Huwyler, has been nominated in his stead, and he, together with Mr. Friedli, whose term expires at this Annual Meeting, Mr. Moyes and Drs. Debrabandere and Klingemann have been nominated for election to serve until the next annual meeting and until their respective successors are duly elected and qualified.

However, if Proposal 1 is not approved, Mr. Friedli, whose term is expiring, will stand for election to a three-year term expiring at the annual meeting of stockholders in 2018 and Mr. Moyes, Dr. Debrabandere and Dr. Klingemann will not resign and will continue to serve for the remainder of the terms for which they were elected. Dr. Gutzwiller will resign from the Board and, based upon the recommendation of the Nominating Committee, the Board is expected to appoint Mr. Huwyler to fill the vacancy created by Dr. Gutzwiller's resignation, to serve for the remainder of the full term of Dr. Gutzwiller.

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**Nominees for Director**

If Proposal 1 is approved, our Board will be declassified, and each of the five nominees, if elected at this Annual Meeting, will serve for a one-year term expiring at the Annual Meeting to be held in 2016 and until their respective successors have been duly elected and qualified, subject to their earlier death, resignation, retirement or removal. Upon the recommendation of the Nominating Committee, comprised of independent directors, the Board has nominated Peter Friedli, Jay M. Moyes, Yves Huwyler, Lode Debrabandere and Hans-Georg Klingemann for election to the Board for a term of one year, to serve until the annual meeting of stockholders in 2016 and until their successors have been duly elected and qualified, subject to their earlier death, resignation, retirement or removal. Information concerning the nominees for election at this Annual Meeting is set forth on page 13, under the heading "Management Information About the Board of Directors and Committees / Corporate Governance."

If Proposal 1 is not approved, our Board will remain classified, and each current director (other than Dr. Gutzwiller) will continue to serve for the remainder of his term. Dr. Gutzwiller will resign from the board and Mr. Huwyler is expected to be appointed for the remainder of Dr. Gutzwiller's term. Upon the recommendation of the Nominating Committee, the Board has nominated Peter Friedli, whose term expires at this Annual Meeting, for election to the Board for a term of three years, to serve until the annual meeting of stockholders in 2018 and until his successor has been duly elected and qualified, subject to his earlier death, resignation, retirement or removal.

Unless authority to vote for any of these nominees is withheld, the shares represented by a validly executed proxy will be voted **FOR** the election of Messrs. Friedli, Moyes and Huwyler and Drs. Debrabandere and Klingemann for one-year terms if Proposal 1 is approved, or Mr. Friedli for a three-year term if Proposal 1 is not approved. In the event that any nominee should become unable or unwilling to serve, the shares represented by a validly executed proxy will be voted for the election of such other person as the Board may recommend in his place, unless the Board chooses to reduce the number of directors serving on the Board. We have no reason to believe that any nominee will be unable or unwilling to serve as a director.

**Vote Required**

The election of the directors requires the plurality of the votes cast on the matter at the Annual Meeting, assuming the presence of a quorum.

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES.**

**PROPOSAL NO. 3 RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015**

Our Board and management are committed to the quality, integrity and transparency of our financial reports. Independent auditors play an important part in our system of financial control. In accordance with the duties set forth in its written charter, the Audit Committee of our Board has appointed BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. A representative of BDO USA, LLP is expected to attend this year's Annual Meeting, to be available to respond to appropriate questions from stockholders, and to have the opportunity to make a statement if he or she desires to do so.

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If the stockholders do not ratify the appointment of BDO USA, LLP, the Audit Committee may reconsider its selection, but is not required to do so. Notwithstanding the proposed ratification of the appointment of BDO USA, LLP by the stockholders, the Audit Committee, in its discretion, may direct the appointment of a new independent registered public accounting firm at any time during the year without notice to, or the consent of, the stockholders, if the Audit Committee determines that such a change would be in the Company's best interests and the best interests of its stockholders.

The Board proposes that the stockholders ratify the appointment of BDO USA, LLP to serve as our independent registered public accounting firm for our fiscal year ending December 31, 2015, although such ratification is not required under Maryland law or our Charter or By-Laws.

BDO USA, LLP has served as our independent registered public accounting firm since September 19, 2013 and audited our financial statements for the four years ended December 31, 2014. The audit report of BDO USA, LLP on the Company's financial statements as of and for the three fiscal years ended December 31, 2014, did not contain any adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles.

The audit report of BDO USA, LLP on the effectiveness of internal control over financial reporting as of December 31, 2014, did not contain any adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal year ended December 31, 2014: (1) the Company had no disagreements with BDO USA, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BDO USA, LLP, would have caused BDO USA, LLP to make reference to the subject matter of the disagreement in connection with its report; and (2) there have been no "reportable events" (as defined in Regulation S-K Item 304(a)(1)(v)).

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015, AND SUBMITTED PROXIES WILL BE VOTED IN FAVOR OF SUCH RATIFICATION UNLESS A STOCKHOLDER INDICATES OTHERWISE WHEN SUBMITTING ITS PROXY.**

**STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTOR**

In order to be eligible for inclusion in our proxy materials for next year's Annual Meeting of Stockholders, any stockholder proposal to take action at such meeting must be received at the offices of Osiris Therapeutics, Inc. at 7015 Albert Einstein Drive, Columbia, Maryland 21046, no later than January 2, 2016. Any such proposal shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934.

Our By-Laws require advance notice of business to be brought before a stockholders meeting, including nominations of persons for election as directors. Generally, under our By-Laws, to be timely, notice must be received by our Corporate Secretary no later than ninety (90) days prior to the day we released our proxy statement in connection with our previous year's annual meeting (or one hundred twenty (120) days if the business is to be included in our proxy statement, or in the case of stockholder nominations for election of directors); provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from the date of the prior year's annual meeting, notice by the stockholder, to be timely, must be so delivered no later than ninety (90) days prior to the newly announced date that we will mail our proxy statement. Any such notice must include information

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specified in our By-Laws, including information concerning the nominee or proposal, as the case may be, and information about the stockholder's ownership of our stock.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 21, 2015 for (a) each of our directors and director nominees and each person serving during fiscal 2014 as Chief Executive Officer or Chief Financial Officer and the other most highly compensated executive officers at fiscal year end 2014 (the "named executive officers"), (b) all of our current directors, director nominees and executive officers as a group, and (c) each stockholder that we know to be the beneficial owner of more than 5% of our common stock. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. We deem shares of common stock that may be acquired by an individual or group within 60 days of April 21, 2015 pursuant to the exercise of options to be outstanding for the purpose of computing the percentage ownership of such individual or group, but those shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders. Percentage of ownership is based on 34,397,813 shares of common stock outstanding on April 21, 2015.

Name and Address of Beneficial Owners	Amount and Nature of Beneficial Ownership	Percent of Class(8)
<b>Named Executive Officers, Directors and Director Nominees(1)</b>		
Frank D. Czworka, Jr.	27,500	