

# **BIOMIMETIC THERAPEUTICS, INC.**

## **BOARD OF DIRECTORS CORPORATE GOVERNANCE PRINCIPLES**

### **Purpose and Scope**

These principles define how the Board of Directors (the “Board”) of BioMimetic Therapeutics, Inc. (the “Company”) will manage its affairs and also define and establish standards of individual Board member conduct. Changes to these principles will be considered by the full Board upon recommendation from the Nominating & Corporate Governance Committee.

Our Board performs key functions related to our overall corporate goal of increasing stockholder value. These key functions are implemented through Board actions as required by law and through monitoring of our business affairs, especially management plans and performance.

The Company is incorporated under the laws of the State of Delaware and our common stock trades on the NASDAQ Stock Market. Our Board governance principles consider federal and Delaware laws, Securities and Exchange Commission and NASDAQ rules, and our Articles of Incorporation and Bylaws.

### **Board Composition**

Our Articles of Incorporation require that the Board consist of at least three directors. NASDAQ rules require that a majority of the members of our Board be independent directors. We seek to maintain a number of members on our Board which we believe strikes an appropriate balance between fostering individual participation and effective decision making, while still having a sufficient number of members to achieve the necessary diversity of skills and experiences that are relevant to our business. Directors serve from the time of their appointment or election to the Board until their respective successors have been duly elected and qualified.

### **Definition of What Constitutes Independence for Outside Directors**

Consistent with the NASDAQ listing standards, to be considered independent, the Board must determine that a director does not have any direct or indirect material relationship with the Company other than as a director. The Board follows these NASDAQ listing standards, which provide for certain categorical standards of relationships that are deemed immaterial, when making its determination of whether a particular director should be considered independent. Directors serving on the Audit Committee are required to satisfy certain heightened independence standards pursuant to applicable federal law and NASDAQ rules.

## **Membership Criteria**

The Nominating & Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required by Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, contribution to the meetings, the ability to work with other directors and skills such as understanding of the Company's business, background and regulations, etc. - all in the context of an assessment of the perceived needs of the Board at that point in time. The orientation of new directors will include background material, meetings with senior management and visits to Company facilities. Continuing education shall be provided for all members of the Board and shall include such topics as critical issues affecting the Company and its industry overall, and directors' roles and responsibilities (including general and legal guiding principles).

Prospective Board members shall undergo an appropriate level of due diligence, including background investigations. Any matters discovered during such investigations shall be discussed prior to approval of the Director.

The Nominating & Corporate Governance Committee identifies potential nominees based upon suggestions from members of the Committee, members of the Board, stockholders and by other means, and evaluates such persons as a committee.

The Nominating & Corporate Governance Committee will consider nominees for director recommended by stockholders upon submission in writing to the secretary of the names of such nominees and all supporting information relating to such persons, including their qualifications for service as a director of the Company. All nominees properly submitted to the Secretary will be evaluated and considered by the members of the Nominating & Corporate Governance Committee using the same criteria as nominees identified by the Nominating & Corporate Governance Committee itself. It is the belief of the Board that its membership should bring to the Company a range of experience, knowledge and judgment and should not represent the interests of particular constituencies. It is also the belief of the Board that directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of shareholders. The Committee expects a high level of commitment from the directors and will review a candidate's service on other boards to ensure that the candidate has sufficient time to devote to Board duties.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Directors should limit the number of boards on which they serve in order to ensure that such service does not interfere with the director's ability to fulfill his or her duties as a member of the Board. Directors should notify the Chair of the Nominating &

Corporate Governance Committee prior to accepting an invitation to serve on any for-profit board to permit the Nominating & Corporate Governance Committee to evaluate the relationship for a potential conflict of interest and to confirm that the director continues to have time available to perform his/her duties to the Company.

All directors should submit a notification to the Chair of the Nominating & Corporate Governance Committee as a matter of course upon any significant change in principal occupation or business affiliation. The Nominating & Corporate Governance Committee determines whether such a director would continue to make a valuable contribution to the Company and its stockholders and whether continued Board membership should be supported, including whether to deem as a resignation a director's notification of a significant change.

### **Selection of New Directors**

The Nominating & Corporate Governance Committee evaluates candidates for director and recommends them to the Board. The full Board is responsible for selecting its members and recommending them for election by the stockholders or by a majority vote of the Board to fill vacancies. The invitation to join the Board should be extended by the Chairman, on behalf of the entire Board. The Board expects the screening process to involve the direct input from the chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO").

### **Selection of Chairman and CEO**

The Board shall appoint a Chairman who will conduct all meetings of the Board and stockholders and will review the board agendas. The Board shall also appoint a person to serve as CEO. The Board may decide that the positions of Chairman and CEO should be held by the same person. The Board should be free to make this choice any way that seems best for the Company at a given point in time. The Board currently believes that it is in the best interest of the Company and its stockholders that the offices of Chairman and CEO be separate. We believe that it is in the best interest of the Company at this time to have a CEO who focuses on the day-to-day management of the company and have a separate Chairman who focuses on leading the Board in its oversight responsibilities.

### **Meetings**

The Board will hold at least four meetings each year. The Chairman and CEO will jointly develop agendas and plans for meetings. Any member of the Board may request that an item be included on the agenda.

Independent directors meet privately in executive session at each quarterly Board meeting. The nonindependent nonmanagement directors, if any, may be invited to join such executive sessions, when appropriate. The Chair of the Board presides at such meetings.

## **Advance Distribution of Materials**

The Board is provided with materials in advance of each meeting for review and study. Members of management, depending upon items to be considered at the meeting, compile most of the material. Additional information from other sources can be requested at the discretion of management or the Board. The Board may also call on the advice of outside consultants as needed to conduct its business. Directors are expected to prepare for, attend and participate in all scheduled Board and applicable committee meetings. Each director should review Board materials in advance of each meeting, and stay informed about the business and operations of the Company, in order to facilitate discussion of matters brought before the Board.

## **Access to Management**

Directors have access to members of the Company's management at their discretion. Selected officers of the Company, e.g., the president, chief financial officer, and general counsel, attend all or a portion of each Board meeting. Other executive officers and key personnel may be invited to attend Board meetings when appropriate.

## **Access to Outside Advisors**

The Board and its committees may engage independent outside financial, legal, or other advisors or consultants as they deem necessary to fulfill their duties to the stockholders, with funding provided by the Company.

## **Director Attendance at Annual Meeting**

The Company expects its Board members to attend the Annual Stockholders Meeting.

## **Committees**

For efficient and effective conduct of its business, the Board delegates certain responsibilities to the following committees of the Board:

- **Nominating & Corporate Governance Committee** - to identify and recommend individuals qualified to become members of the Board, to oversee compensation for members of the Board, oversee succession planning for the CEO, and recommend to the Board a set of governance principles and review compliance with those principles on an annual basis;
- **Audit Committee** - to assist the Board in its oversight of the financial reporting, auditing and corporate compliance activities and to retain and evaluate the performance of the independent auditors; and

- **Compensation Committee** - to oversee the compensation strategies for corporate executive officers, as well as provide oversight for all corporate benefit plans, including administering all stock award plans.

Each committee has a charter to define its responsibilities and other parameters for conducting its business. The number and content of committee meetings and other matters of committee governance are determined by each committee and its Chair in light of the authority delegated by the full Board to the committee, the committee's charter, if any, approved by the Board, and legal, regulatory, accounting or governance principles applicable to the committee's function. The full authority and responsibilities of each committee is fixed by the committee's charter, if applicable, or by our Bylaws.

Only independent directors may serve on the committees. For the Audit Committee, the members also meet applicable criteria for independence under NASDAQ, SEC and/or tax rules applicable to such committee. The Board may, from time to time, form a new committee or disband a current committee depending upon the circumstances.

### **Risk Oversight**

The Board shall regularly engage in discussions of risk management and receive reports on risk management from members of management. Each of the Board committees shall consider the risk within its areas of responsibility.

### **Communication with the Board**

Stockholders and other constituencies may communicate with the Board or individual members of the Board by addressing written correspondence to BioMimetic Therapeutics, Inc., 389-A Nichol Mill Lane, Franklin, Tennessee 37067, attention: General Counsel. Inquiries sent by mail will be reviewed by the Company's general counsel and if they are relevant to, and consistent with, the Company's operations, policies and philosophies, they will be forwarded to the Audit Committee. This Committee will monitor the correspondence and bring any significant issues to the attention of the appropriate members of the Board.

Anyone who has a concern about the Company's conduct, or about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern directly to the non-employee directors, or to the Audit Committee. Such communications may be confidential or anonymous, and may be e-mailed or submitted in writing to the addresses set forth above.

Requests for written copies of these guidelines, the Audit, Compensation or Nominating & Corporate Governance Committee charters, the Company's Annual Report to Stockholders, Company's Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission may be made to the Company's Investor

Relations Representative at 615-844-1280, InvestorRelations@biomimetics.com or BioMimetic Therapeutics, Inc., 389-A Nichol Mill Lane, Franklin, Tennessee 37067.

### **Board Member Conduct**

All directors are expected make themselves available, be active and engaged, and bring their knowledge and experience to bear in discharging their duties as a member of the Board and any Board committees upon which they serve. Each member of the Board shall conduct his or herself and the conduct of Board business must at all times be performed in a manner consistent with the Company's Code of Business Conduct and Ethics.

### **Board Member Compensation**

Directors' compensation is reviewed periodically and includes cash and stock-based incentives. Board members who also are employees of the Company or who beneficially own more than 5% of the outstanding common stock of the Company shall not separately be compensated for their service on the Board.

### **Conflicts of Interest**

Each director is required to disclose to the Board any activities or interests that result in an actual or potential conflict of interest with the Company. The Board shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and all such transactions shall be approved by the Audit Committee. The Audit Committee shall make recommendations to the Board regarding whether related party transactions are appropriate and the Board shall consider the Audit Committee's recommendations as part of its review.

### **Disclosure**

The Board is committed to providing investors with full, fair, accurate, timely and understandable disclosure in the periodic reports that the Company is required to file. The Board will endeavor to provide, and to cause the Company and its officers to provide to investors all material information relevant to an investment in the Company and to voting on Company matters. Individual directors will provide to the best of his/her ability to other directors material information that is relevant to Board actions. Board members will maintain the confidentiality of all material nonpublic matters and only our designated spokespeople will provide new public disclosure about our business.

Collectively, the Board will provide to stockholders all material information known by the directors relevant to stockholder voting matters. Individual directors will provide to the best of his/her ability to other directors material information that is relevant to Board actions. Board members will maintain the confidentiality of all material

nonpublic matters and only our designated spokespeople will provide new public disclosure about our business.

### **Reporting of Violations**

If any Board member becomes aware of any known or suspected violation by another Board member of the provisions of these Board of Directors Corporate Governance Principles or the Company's Code of Business Conduct and Ethics, he or she should inform the Chairman of this fact (or the chairman of the Audit Committee if the Chairman is involved in the violation). The Chairman, or chairman of the Audit Committee as the case may be, shall investigate the facts of the situation and report to the Board as a whole the results of that investigation. The disinterested members of the Board shall then discuss the situation and determine appropriate corrective or preventive actions to be taken.

### **Annual Evaluation of the CEO**

The Board is responsible for the hiring and evaluation of the CEO. The Compensation Committee is responsible for facilitating an annual evaluation of the CEO, which shall be conducted by the Board Chairman. This evaluation should be communicated to the CEO by the chairman of the Compensation Committee and/or the Board Chairman. The evaluation should include an assessment based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO.

### **Succession Planning**

There should be an annual report by the CEO to the Board on succession planning for the CEO position and each senior management position that directly reports to the CEO, which the Board shall review and approve. The chairman of the Nominating & Corporate Governance Committee and the CEO shall facilitate such planning through establishing a mechanism so that, on a continuing basis, the CEO's recommendations are made available to the Board with regard to both career development and unanticipated emergency situations. .

### **Management Development**

There should be an annual report to the Board by the CEO on the Company's program for management development. This report should be given to the Board at the same time as the succession planning report.

## **Periodic Review**

The Nominating & Governance Committee will periodically review these Board of Directors Corporate Governance Principles to determine whether changes are warranted and, if so, will recommend changes to the full Board for its consideration.