Title:

Reactivation of a Developmental Bmp2 Signaling Center is Required for Therapeutic Control of the Periosteal Niche in the Murine Skeleton

Impact Statement:

A periosteal Bmp2 signaling center couples bone length to bone width during development and must be reactivated by clinical bone anabolic therapies to reduce fracture risk and accelerate fracture repair.

Authors:

Valerie S. Salazar\textsuperscript{1,2}, Luciane Portas Capelo\textsuperscript{1,3}, Claudio Cantù\textsuperscript{4,5}, Dario Zimmerli\textsuperscript{2}, Nehal Gosalia\textsuperscript{5}, Steven Pregizer\textsuperscript{1}, Karen Cox\textsuperscript{1}, Satoshi Ohte\textsuperscript{1,6}, Marina Feigenson\textsuperscript{1}, Laura Gamer\textsuperscript{1}, Jeffry S. Nyman\textsuperscript{7}, David J. Carey\textsuperscript{8}, Aris N. Economides\textsuperscript{6}, Konrad Basler\textsuperscript{2}, Vicki Rosen\textsuperscript{1}

Affiliations:

\textsuperscript{1}Department of Developmental Biology, Harvard School of Dental Medicine. 188 Longwood Avenue, Boston Massachusetts 02115, USA
\textsuperscript{2}Institute for Molecular Life Sciences, University of Zürich. Winterthurerstrasse 190, CH-8057, Zürich, Switzerland
\textsuperscript{3}Instituto de Ciência e Tecnologia. Universidade Federal de São Paulo, Rua Talim, 330, São José dos Campos, São Paulo, CEP 12231-280, Brazil
\textsuperscript{4}Wallenberg Centre for Molecular Medicine (WCMM), Department of Clinical and Experimental Medicine (IKE), Faculty of Health Sciences, Linköping University SE-581 83, Linköping, Sweden
\textsuperscript{5}Regeneron Pharmaceuticals, 777 Old Saw Mill River Road, Tarrytown, NY 10591, USA
\textsuperscript{6}Department of Microbial Chemistry, Graduate School of Pharmaceutical Sciences, Kitasato University, 5-9-1 Shirokane, Minato-ku, Tokyo 108-8641, Japan
\textsuperscript{7}Department of Orthopaedic Surgery and Rehabilitation, Vanderbilt University Medical Center, 1215 21\textsuperscript{st} Avenue South, Nashville Tennessee 37232, USA
\textsuperscript{8}Geisinger Health System. Danville PA 17821, USA
Running Title: Bmp2 Governs the Periosteal Niche

Corresponding author:

Vicki Rosen, PhD

Department of Developmental Biology

Harvard School of Dental Medicine

188 Longwood Avenue REB 513

Boston Massachusetts 02115

Office: 617-432-5910

Fax: 617-432-3246

Email: Vicki_Rosen@hsdm.harvard.edu
ABSTRACT

Two decades after signals controlling bone length were discovered, the endogenous ligands determining bone width remain unknown. We show that postnatal establishment of normal bone width in mice, as mediated by bone-forming activity of the periosteum, requires BMP signaling at the innermost layer of the periosteal niche. This developmental signaling center becomes quiescent during adult life. Its reactivation however, is necessary for periosteal growth, enhanced bone strength, and accelerated fracture repair in response to bone-anabolic therapies used in clinical orthopedic settings. Although many BMPs are expressed in bone, periosteal BMP signaling and bone formation require only Bmp2 in the Prx1-Cre lineage. Mechanistically, BMP2 functions downstream of Lrp5/6 pathway to activate a conserved regulatory element upstream of Sp7 via recruitment of Smad1 and Grhl3. Consistent with our findings, human variants of BMP2 and GRHL3 are associated with increased risk of fractures.
After birth, the skeleton sustains a period of exuberant longitudinal and periosteal growth, the respective processes by which bones grow in length and width. Since increased length and increased width have opposite effects on susceptibility to fracture, longitudinal and periosteal growth must be tightly coupled to build a skeleton that supports body weight and motion during postnatal life. Longitudinal growth is mediated by growth plate cartilage. Defects in longitudinal growth are well documented in the dwarfism resulting from genetic mutations of FGFR3 (MIM100800); PTHR1 (MIM156400), or GDF5 (MIM200700). Periosteal growth is mediated by the periosteum. Although excessive periosteal bone formation is linked to activating mutations of the canonical WNT pathway; accounts of defective periosteal growth in humans are extremely rare. The identity of the essential signal governing periosteal activity during early postnatal life therefore remains unknown. It also remains unclear whether functions of the adult periosteum, including fracture repair and cortical expansion in response to therapeutic agents, rely on reactivation of this putative developmental signal.

The periosteum is a stratified fibro-cellular structure that adds tissue to the exterior surfaces of bone, much like rings on the trunk of an actively growing tree. The outer periosteum provides a collagen-rich barrier between muscle and the underlying bone and is the site of insertion for tendons and ligaments. It is highly vascularized, innervated, and sparsely populated by fibroblasts. The cambium, or inner periosteal layer adjacent to bone, is a repository for self-renewing skeletal progenitors that differentiate into bone-forming osteoblasts. The periosteum is thick and highly active during pre-pubertal growth but becomes thin and largely quiescent in adult life. The molecular mechanism controlling the conversion between active and quiescent periosteal states is not well understood.

Since Bmp2 is essential for initiation of fracture repair, we hypothesized that Bmp2 governs all major developmental and inducible functions of the periosteal niche. To test this, we performed skeletal phenotype analysis of mice where Bmp2 was selectively ablated in progenitor, committed, or mature osteoblast populations. We mapped the endogenous Bmp2 expression domain and compared this to the BMP signaling domain during skeletal development and homeostasis. Periosteal growth and fracture phenotypes of Bmp2 mutant mice were monitored following genetic or pharmacologic activation of the LRP5/6 signaling pathway. We investigated recruitment of pathway-specific transcription factors to genome-wide cis-regulatory elements, establishing at the molecular level the epistatic relationship between
canonical WNT and BMP2 signaling during osteoblast differentiation. And finally, we performed phenome
wide analysis to test links between our preclinical data and fracture risk in clinical settings.
RESULTS

Osteoprogenitor-derived BMP2 couples longitudinal to periosteal bone growth. Removal of Bmp2 from the developing mouse limb ($Bmp2^{Flox^{\text{lox}}}$ Prx1-Cre) causes spontaneous fractures that do not heal. Fracture repair and bone graft healing were rescued in Bmp2-deficient bones by provision of recombinant BMP2, however the underlying cause of the spontaneous fractures remained unknown. During skeletal phenotyping, microcomputed tomography (microCT) revealed that $Bmp2^{Flox^{\text{lox}}}$ (WT) femurs (Figure 1a) and $Bmp2^{Flox^{\text{lox}}}$ Prx1-Cre ($Bmp2$ Prx1-cKO) femurs (Figure 1b) were indistinguishable at birth. $Bmp2$ Prx1-cKO femurs developed a striking geometry after birth, characterized by near normal length (Figure 1c) but narrow width (Figure 1d). In the radius/ulna, defective periosteal bone growth was not evident at birth (Figures 1e-f), but appeared by 2 weeks of age (Figures 1g-h) and remained unresolved during adult life. The radius/ulna of WT and $Bmp2$ Prx1-cKO mice contained similar proportions of cortical bone and medullary space at birth (Figure 1i). By 2 weeks, forelimb structures of $Bmp2$ Prx1-cKO mice were composed primarily of cortical bone (Figure 1j) despite the total cross-sectional area being dramatically reduced compared to controls. This slender bone phenotype was not restricted to the radius/ulna (Figure 1g) and femur (Figure 1k) but appeared at all appendicular skeletal sites including the tibia (Figure 1l) and metatarsals (Figure 1m). Osteopenia was not evident in the axial skeleton where Prx1-Cre is not active.$^{10,11}$

Defective periosteal bone growth occurred in males and females and was therefore unlikely to be caused by sex hormones. IGF-1 signaling can affect bone width$^{12}$, but $Bmp2$ Prx1-cKO mice expressed IGF-1 in bone (Figure 1-figure supplement 1a) and circulating IGF-1 was statistically unchanged in $Bmp2$ Prx1-cKO mice (Figure 1-figure supplement 1b). During ex vivo organ culture, WT and $Bmp2$ Prx1-cKO metatarsals were equal in length on day 1 and both grew in culture (Figure 1n). WT and $Bmp2$ Prx1-cKO metatarsals were equal in width on day 1, but only WT metatarsals grew in width during culture (Figure 1o).

$Bmp2$ is essential for conversion of Runx2+ osteoprogenitors to the Sp7+ osteoblast cell fate in primary cell models$^{13}$. Consistent with these in vitro observations, mice with conditional ablation of $Bmp2$ in skeletal progenitors ($Bmp2$ Prx1-cKO) (Figure 1p), but not committed osteoblasts ($Bmp2^{Flox^{\text{lox}}}$, Sp7-GFP::Cre or $Bmp2$ Sp7-cKO) (Figure 1q) or mature osteoblasts ($Bmp2^{Flox^{\text{lox}}}$ 2.3kbCol1a1-Cre or $Bmp2$ Col1A1-cKO) (Figure 1r) showed periosteal growth defects at 2 weeks of age. $Bmp2$ Col1A1-cKO mice exhibited no differences in
skeletal phenotype when qualitatively examined by whole mount skeletal staining at birth (Figure 1-figure supplement 2a-b), histology of forelimb (Figure 1-figure supplement 2c) or hindlimb (Figure 1-figure supplement 2d) at 2 weeks of age, or X-ray imaging at 3 months of age (Figure 1-figure supplement 2e). Quantitative analysis of the femur at 2 weeks of age showed no changes in length, width (Figure 1-figure supplement 2f) or other standard parameters of trabecular bone volume fraction of the distal metaphysis and cortical cross-sectional area of the mid-shaft (Table 1).

**Geometric abnormalities plus material defects underlie spontaneous fractures in Bmp2^{flox/flox}; Prx1-Cre mice.** Beyond the slender bone phenotype, Bmp2 Prx1-cKO mice exhibited no differences in skeletal patterning when imaged by X-ray at 3 months of age (Figure 1-figure supplement 3a). Closer examination of Bmp2 Prx1-cKO bones at 2 weeks of age by microCT revealed trabecular bone content and tissue mineral density were unaffected by the absence of Bmp2 (Figure 1-figure supplement 3b and Table 2), despite significant reductions in bone width (Figure 1-figure supplement 3c), total cross-sectional area (T.t.Ar), marrow area (Ma.Ar), and minimum moment of inertia (\(I_{min}\)) (Table 2). Static histomorphometry disclosed decreased numbers of osteoblasts but not osteoclasts per unit of bone surface (Figure 1-figure supplement 3d). Bone formation and mineral apposition rates were similar at endosteal sites but dramatically reduced at periosteal sites in Bmp2 Prx1-cKO mice (Figure 1-figure supplement 3e-h). We found abundant cortical porosity (Figure 1-figure supplement 3i) with residual islands of cartilage and excessive numbers of osteocytes in Bmp2 Prx1-cKO bones (Figure 1-figure supplement 3j). Under polarizing light microscopy, collagen in Bmp2Prx1-cKO cortical bone had a woven appearance compared to lamellar organization in WT bone (Figure 1-figure supplement 3k,l). Bmp2 Prx1-cKO bones had increased osteoid thickness and a prolonged mineralization lag time on periosteal but not endosteal surfaces (Figure 1-figure supplement 3m-p).

Overall, dramatically reduced polar moment of inertia (Figure 1s) and impaired material properties of Bmp2 Prx1-cKO bones likely caused microcracks (Figure 1t) and bowing (Figure 1u), factors preceding onset of frank fractures\(^6\).
**Bmp2 is expressed at the right time and place to regulate periosteum formation and/or function.** We used a bacterial beta-galactosidase (lacZ) reporter expressed from the endogenous Bmp2 locus (Bmp2lacZ) to map the skeletal Bmp2 expression domain (Figure 2-figure supplement 1a-c). At E13.5, LacZ was highly expressed in the ribs, scapula, clavicles, forelimbs, hindlimbs, and portions of the craniofacial vault (Figure 2a). At E14.5, LacZ+ cells surrounded the cartilage anlagen where the presumptive bone collar forms (Figure 2b,c, Figure 2-figure supplement 2a). At birth, LacZ+ cells populated the bone collar, perichondrium, hypertrophic cartilage and Groove of Ranvier (Figure 2d-e, Figure 2-figure supplement 2b). Although expecting to see strong LacZ activity in the periosteum during the first 2 weeks of life, we instead made the surprising observation that LacZ+ cells in the periosteum were rare and appeared only in the cambium, immediately adjacent to or just below the outer bone surface (Figure 2f-g, Figure 2-figure supplement 2c). Most cortical osteocytes were LacZ+ while cells on the cortical endosteum were LacZ- (Figure 2f-i). LacZ activity became progressively restricted to the cortical/periosteal interface as mice approached peak body size and entered skeletal homeostasis (Figure 2h-i) but was reactivated locally following fracture (Figure 2j-i).

**Robust versus quiescent states of periosteal BMP signaling reflect active versus homeostatic states of periosteal bone growth.** To compare active BMP signaling with sites of Bmp2 expression, we utilized transgenic mice expressing enhanced green fluorescent protein (gfp) controlled by a pan-BMP-responsive promoter element of the Id1 gene (BREgfp)14. At E13.5, GFP+ cells flanked cartilage rudiments of the forelimb (Figure 3a). In newborn forelimbs, GFP+ cells co-localized with mineralized bone (Figure 3b), the entire length of the newly-formed bone collar (Figure 3c, white arrows and red dashed line), as well as hypertrophic cells in growth plate cartilage (Figure 3c, open red arrows). In hindlimbs at 2 weeks, GFP+ cells surrounded trabecular structures in the medullary cavity and populated the inner layer of the periosteum (Figure 3d,e, red dashed line). By six months, when mice attained peak skeletal size, GFP expression had become quiescent at bone surfaces and was restricted to pockets of cells in the marrow (Figure 3f).

Cells with active BMP pathway are therefore abundant in newly-forming bone at mid-gestation and neonatal stages. A distinct GFP+ population demarcating the bone collar at birth transitions to a robust GFP+ inner periosteal layer flanking the diaphysis by 2 weeks of age, and subsequently remains as a sparsely GFP+ periosteal population in adult bones at homeostasis.
Importantly, BRE:gf p is not specific for BMP2 signaling, but rather integrates the net response of a cell to all local BMPs and BMP antagonists. Consistent with the cortical but not trabecular skeletal phenotype of Bmp2 Prx1-cKO mice (Figure 1a-u), this comparative analysis of Bmp2-lacZ versus BRE:gf p strongly suggests BMP2 is the major BMP family member driving BMP signaling at periosteal but not necessarily trabecular sites.

**Bmp2 is required for BMP signaling and expression of BMP target genes in the periosteum.** We next determined if the periosteum forms in Bmp2 Prx1-cKO mice and if it engages in BMP signaling. Picrosirius red histology revealed that embryonic development and postnatal maintenance of the periosteum occur independently of Bmp2 expression in the Prx1-Cre lineage (Figure 4a-c). By contrast, BMP2 is necessary for phospho-activation of Smads1/5 at inner periosteal but not endosteal bone surfaces. This was evident at birth (Figure 5a) and became pronounced by 2 weeks of age (Figure 5b). Immunohistochemistry for ID1 protein, a BMP-target gene, showed that ID1+ cells were abundant in the periosteum of WT but not Bmp2 Prx1-cKO mice (Figure 5a). We performed in situ hybridization for Col1a1, encoding the major extracellular matrix protein produced by osteoblasts. Wild-type but not Bmp2 Prx1-cK0 mice expressed Col1a1 in the periosteum (Figure 5d). Periosteal BMP2 signaling is therefore necessary for osteoblast specification in the periosteal niche.

**Bmp2 acts downstream of intermittent PTH therapy in the periosteum.** Intermittent parathyroid hormone (PTH) therapy and sclerostin neutralizing antibody (SOST-ab) are two successful clinical approaches to stimulate the periosteum for periosteal growth and accelerated fracture repair. PTH is a naturally occurring hormone that regulates mineral homeostasis via endocrine actions on multiple organs including bone. Intermittent exposure to PTH (iPTH) through once daily injections of hPTH1-34 peptide results in a net surplus of new bone formation. The mechanism of action for iPTH therapy continues to generate considerable discussion and PTH has been reported to induce expression of Bmp2 in osteoblast cultures.

To examine the interaction between PTH and Bmp2 in the periosteum, we treated 2 week-old Bmp2 Prx1-cKO mice with iPTH for 14 days and monitored periosteal bone growth in the now 1 month-old treated juveniles (Figure 6a). At 2 weeks of age, WT and Bmp2 Prx1-cKO mice responded to iPTH with increased trabecular bone mass (Figure 6b,d,f and Table 3). WT but not Bmp2 Prx1-cKO mice exhibited a trend for
periosteal expansion (Figure 6c,e,g and Table 3), although this was not statistically significant and it is plausible that additional treatment time was necessary to achieve sufficient cumulative periosteal growth to become measurable by uCT. WT and Bmp2 Prx1-cKO mice had elevated serum calcium and reduced serum phosphorus levels following iPTh (Figure 6l,m). Bone formation rate and mineral apposition rate were significantly blunted at periosteal but not endosteal surfaces of cortical bone in Bmp2 Prx1-cKO mice, and were not elevated to the levels achieved in WT mice following treatment with iPTh (Figure 6h-k). WT but not Bmp2 Prx1-cKO mice treated with iPTh expressed ID3, a BMP target gene, in the periosteum (Figure 6n), whereas both genotypes had ID3+ cells in endosteal compartments (Figure 6n, blue lines).

In adults treated for two weeks with iPTh (Figure 7a), WT and Bmp2 Prx1-cKO mice had increased trabecular bone mass following iPTh (Figures 7b and Table 4). To evaluate biomechanical properties in the femur, peak moment (maximum load during failure in three-point bending\(^9\)) was plotted as a function of \(\text{I}_{\text{min}}/\text{C}_{\text{min}}\). Wild-type mice experienced much greater cortical expansion with iPTh than Bmp2 Prx1-cKO mice, as evident by cross-sectional ratio proportional to bending moment (Figure 7c), and moment of inertia that is predominantly influenced by the periosteal perimeter (Table 4). Functionally, iPTh-treated Bmp2 Prx1-cKO mice were 2-4 times more likely than non-iPTh treated knockouts to experience femoral fracture (Figure 7e). Forelimb fractures in Bmp2 Prx1-cKO mice treated with iPTh shifted from unilateral to bilateral occurrence (Figure 7f,g). Fracture incidence was not improved by increasing iPTh therapy to 3 weeks. Existing fractures remained unhealed (Figure 7h).

Expression of Bmp2 in the Prx1-Cre lineage is therefore a major if not essential contributor to the mechanism of action by which iPTh stimulates the periosteum for periosteal bone growth and conclusively essential for the mechanism by which PTH improves bending strength and stimulates the periosteum for fracture repair.

**Bmp2 acts downstream of canonical WNT signaling in the periosteum.** Haploinsufficiency of Dkk1, a secreted antagonist of LRP5/6, enhances canonical WNT signaling and induces high bone mass in mice\(^{20}\), findings that prompted efforts to develop DKK1 neutralizing antibodies for systemic activation of bone formation in clinical orthopedic settings\(^{31}\). Haploinsufficiency of Dkk1 (Dkk1\(^{+/-}\)) was recently reported to have no effect on the formation or healing of spontaneous fractures in adult mice lacking Bmp2 (Dkk1\(^{+/-}\);
Bmp2\textsuperscript{lox/lox}, Prx1-Cre\textsuperscript{22}. However, Dkk1 neutralizing antibodies have been shown to enhance bone formation in younger animals to a greater degree than in older animals\textsuperscript{21}. We therefore revisited this genetic mouse model to determine whether activation of WNT signaling through haploinsufficiency of Dkk1 could restore periosteal bone growth in young Bmp2 Prx1-cKO mice, when the skeletal phenotype is first established and thus prior to the onset of fractures (Figure 8a). By 2 weeks of age, trabecular bone mass was elevated by haploinsufficiency of Dkk1, and this was not dependent on Bmp2 (data not shown). Bmp2 Prx1-cKO mice developed a ∼75% decrease in calculated cross-sectional moment of inertia at the femoral mid-diaphysis that was neither rescued nor altered by haploinsufficiency of Dkk1 (Figure 8b-c).

Since haploinsufficiency of Dkk1 did not affect periosteal growth in young (Figure 8a-c) or aged mice\textsuperscript{22}, regardless of Bmp2 status, we chose sclerostin neutralizing antibody (SOST-ab) as an alternative method to stimulate canonical WNT signaling in bone and thereby activate the periosteum. Adult mice were treated for 2 weeks with SOST-ab (Figure 8d). WT males treated with SOST-ab had a significant increase in trabecular bone (almost 88%). Bmp2 Prx1-cKO male mice undergoing SOST-ab treatment had ∼32% more trabecular bone than saline treated knockouts, an anabolic trend that reached statistical significance in females but not males (Figure 8e-f, and Source Data). At the mid-diaphysis (Figure 8g-j), WT mice treated with SOST-ab significantly enhanced total cross-sectional area (p=0.01; Figure 8h), minimum moment of inertia (P<0.0001; Figure 8i), and polar moment of inertia (p=0.0004; Figure 8j) when compared to non-treated genotype-matched and sexmatched controls. These parameters of cortical bone mass and strength were unchanged in Bmp2 Prx1-cKO mice treated with SOST-ab (Figure 8g-j and Source Data). The number of forelimb fractures in Bmp2 Prx1-cKO mice was not reduced by SOST-ab (Figure 8k) and these fractures showed no radiographic evidence of mineralized bridging (Figure 8l).

The abundance of phospho-activated Smads1/5 in bone lysates (Figure 9a) and alkaline phosphatase activity in the periosteum (Figure 9b) were increased 24 hours after one injection of PTH or SOST-ab. Crossing the BCREgfp reporter into a Bmp2 Prx1-cKO background revealed that SOST-ab dramatically upregulates periosteal BMP signaling in WT but not Bmp2 Prx1-cKO mice, an effect evident after 72 hours (Figure 9c and Figure 9-figure supplement 1) or two weeks of treatment (Figure 9d). The periosteum of Bmp2\textsuperscript{lox/lox}, tdTomato\textsuperscript{S/lox}, Prx1-Cre mice was populated by tdTomato+ cells despite this lack of periosteal response to
SOST-ab (Figure 9d and Figure 9-figure supplement 2), consistent with our model in which the periosteum is present but not activated (Figure 3a-f) without complementation by BMP2.

Expression of Bmp2 in the Prx1-Cre lineage is therefore essential to the mechanism of action by which SOST-ab stimulates the periosteum for periosteal bone growth and fracture repair.

**Bmp2 functions downstream of canonical WNT signaling in the osteoblast gene regulatory network.**

Periosteal cells isolated from long bones of 2 week-old mice express Bmp2 and Bmp7 mRNAs, but nearly undetectable levels of Bmp4. Cre-mediated deletion of Bmp2 is highly efficient in Bmp2 Prx1-cKO cells and does not induce Bmp7 or Bmp4 to compensate (Figure 10a,b). Primary periosteal cells from Bmp2 Prx1-cKO mice were unable to be expanded or maintained without complementation by recombinant BMP2. Cells from the bone marrow stroma (BMSC) or embryonic mouse limb bud were therefore employed for mechanistic studies since we have previously demonstrated that unresponsiveness of Bmp2-deficient osteoprogenitors to canonical Wnt signaling can be recapitulated using these *in vitro* models. In BMSC, an optimal ratio of BMP to Wnt signaling must be maintained for osteoblast differentiation (Figure 10c,d). Bmp2 Prx1-cKO cells exposed to Wnt3a do not upregulate Sp7 (a transcription factor required for osteoblast specification) unless supplemented with recombinant BMP2. Consistent with the observation that Bmp7 is expressed (Figure 10b) but does not compensate for lack of Bmp2 in periosteal cells in vivo, equivalent concentrations of recombinant BMP7 and GDF5 did not functionally compensate in vitro for lack of BMP2 in BMSC (Figure 10e).

Bmp2 Prx1-cKO cells exposed to Wnt3a also do not upregulate Grainyhead-like 3 (Grhl3), a transcription factor co-expressed with Bmp2 and Lrp5/6 during embryonic skeletal development and fracture repair in adult bones. *In vitro* analysis suggested Grhl3 is necessary and sufficient for induction of Sp7 by BMP2. We thus investigated the relationship between WNT, BMP2, Sp7, and Grhl3 in the osteoblast gene regulatory network and used cells from the mouse embryonic limb bud for the following reasons: early post-natal cortical bone where our phenotype of interest occurs, derives from the embryonic bone collar that forms at the perichondrium at ~E15.5; this bone collar is made by Sp7+ cells that first emerge at the perichondrium at E13.5, subsequently populate the post-natal periosteum and persist for the first month of life; Sp7+ cells
that appear at E13.5 are specified from lateral plate mesoderm of the Prx1+ limb bud \(^{26,27}\); Prx1+ limb bud first appears at "E9.5"\(^1\). The gene regulatory network that specifies Sp7+ cells that make the bone collar and populate the early postnatal periosteum must therefore be highly active in the limb bud between E9.5- E13.5.

In a WNT-ON state, activated canonical WNT transcription factor complexes, comprised of β-catenin and co-factors such as Pygo and Bcl9\(^{28,29}\), assemble at genomic WNT-responsive elements via interaction with DNA-binding members of the Tcf/Lef family. In a WNT-OFF state, TCF/LEF proteins are constitutively bound to chromatin where they function as transcriptional repressors of their bound target genes. Since TCF pulldown is therefore not able to discriminate between genes that are being repressed or induced, we performed anti-Bcl9 ChIP-sequencing\(^{30}\) to define genomic loci targeted by canonical WNT signaling in E10.5 mouse limb buds (Figure 11a). We discovered 2099 high-confidence Bcl9 peaks enriched at gene loci involved in limb, skeletal, and bone morphogenesis (Figure 11b) along with previously established canonical WNT target genes to confirm that the strategy had worked (Figure 11c,d). KEGG pathway analysis also revealed prominent association of Bcl9 peaks with Wnt, TGF-beta, Shh, and Hippo pathways (Figure 11b). Importantly, Bcl9 peaks marked multiple regions, including transcriptional start sites, surrounding Bmp2 and Ghrl3 loci, suggesting direct transcriptional regulation (Figure 11e,f). A Bcl9 peak downstream of Sp7 did not pass statistical threshold. WNT-dependent transcription is therefore already active but does not directly target Sp7 in the E10.5 limb bud, compatible with the observation that Sp7+ osteoblasts do not appear until "E13.5"\(^3\). Consistent with the conclusion that Bmp2 is a Wnt target gene, recombinant Wnt3a induced Bmp2 in limb bud cells (Figure 11-figure supplement 1a).

By contrast, chromatin IP qPCR analysis on E13.5 mouse limb bud cells (Figure 12a) revealed BMP-dependent recruitment of Smad1 and Ghrl3 to a genomic site 13 kb upstream of Sp7 (Figure 12b,c). This site was enriched for active chromatin histone marks and evolutionarily conserved (Figure 12c), supporting a cis-regulatory function. In turn, Sp7 is essential for bone formation through direct cis-regulatory control of Col1A1\(^1\). This major extracellular matrix protein produced by osteoblasts expressed in wild-type but not Bmp2 Prx1-cKO periosteum (Figure 5d).
Human variants of BMP2 and GRHL3 are associated with increased risk of fracture. BMP2 variants predicted to result in haploinsufficiency are associated with short stature, craniofacial gestalt, skeletal anomalies, and congenital heart disease\textsuperscript{22}. To further evaluate the clinical consequences of BMP2 variation, we performed a phenomewide association study of BMP2 and a downstream effector GRHL3 in 61,062 individuals from DiscovEHR (http://www.discoverehrshare.com/), a cohort linking exome sequence data to electronic health records (EHRs)\textsuperscript{33}. Using a Bonferroni significance threshold of $P < 1.86 \times 10^{-7}$ for 268,192 association results, we observed three significant associations for BMP2 and six significant associations for GRHL3. Of note, there was a significant association between a missense variant in BMP2 (p.Arg131Ser) and increased risk of lower leg fracture (odds ratio (OR) 16.05, 95% confidence interval (CI) 6.44-40.00, $P = 2.54 \times 10^{-9}$), consistent with previous data on BMP2 haploinsufficiency and observations in the conditional knockout mouse. Moreover, significant associations were observed between a synonymous variant in GRHL3 and increased risk of fracture of thoracic vertebra (OR = 12.72, 95% CI 5.59-28.94, $P = 1.36 \times 10^{-9}$) and between an intronic variant in GRHL3 and increased risk of fracture of patella (OR = 13.33, 95% CI 5.11-34.81, $P = 1.22 \times 10^{-7}$) (Table S).

In summary, our data demonstrate that skeletal development, fracture repair, and therapeutic response to systemic treatment with PTH or SOST-ab all converge on expression of Bmp2 in the periosteal niche for control of osteoblast specification and periosteal function (Figure 13a).
DISCUSSION

Whereas the signaling mechanisms controlling longitudinal growth by the growth plate were initially described in 1996\textsuperscript{14,15}, the mechanisms underlying periosteal growth by the periosteum, the primary determinant of bone width and therefore bone strength, have remained unknown. Here we reveal that Bmp2 governs all thus-far identified developmental, clinically-inducible and repair functions of the periosteum. Bmp2 is dispensable for periosteum formation, but essential for osteoblast differentiation from periosteal progenitors, and thereby periosteal bone growth and fracture repair. Local BMP2 expression regulates BMP signaling in the periosteal niche during this process and drives periosteal response to canonical WNT and PTH signals.

Global loss of Bmp2 is embryonic lethal, explaining why the identity of a signal controlling periosteal bone growth, a postnatal function, eluded us for so long. The slender bone phenotype in Bmp2 Prx1-cKO mice, established by 2 weeks of age, is not recapitulated by omission of any other BMP from bone\textsuperscript{16}, nor is it present when Bmp2 is deleted in more specified skeletal progenitors expressing Sp7-EGFP-Cre or 2.3kb-Col1A1-Cre.

Our work reveals the innermost layer of periosteum as a robust BMP signaling center and identifies pre-Sp7+ progenitors as a critical source and target for BMP2. Cells in the outer periosteum and within cortical bone are not highly engaged in BMP signaling. BMP2 availability in bone therefore appears to be tightly regulated, perhaps through sequestration of BMP2 in the extra-cellular matrix. Comparative analysis of Bmp2\textsuperscript{lox} with BRegfpr strongly suggests that cortical bone matrix functions as a BMP2 repository, allowing only local activation of cells at the innermost cambial periosteal layer. Future studies uncovering the mechanisms that restrict BMP2 bioavailability to the periosteum could uncover new strategies to improve bone width, resistance to fracture, and bone repair.

Excessive LRP5/6 signaling underlies several human skeletal disorders characterized in part by exuberant periosteal expansion\textsuperscript{17}. Strikingly however, periosteal growth and fracture repair defects in Bmp2 cKO mice were not rescued by haploinsufficiency of Dkk1, iPTH therapy, or treatment with SOST-ab. We propose that LRP5/6-dependent pathways initiating periosteal bone formation in the postnatal skeleton converge on
upregulation of Bmp2 for induction of BMP signaling. BMP2 signaling by coordinating assembly of a
Smad/Grrl3 complex at the Sp7 genomic locus, thereby acts downstream of canonical WNT to specify the
Sp7+/Col1A1+ cells required for periosteal growth and fracture repair.

Looking forward, we find a lack of information and understanding of the signals mediating normal BMP2
expression in the periosteal niche, both as a function of age and in the context of skeletal disease. This
information is key to modulating skeletal stem cell behavior to improve healing and in response to
therapeutic agents. As all of our experiments are done in the total absence of periosteal BMP2, the
information needed to figure out this part of the puzzle remains elusive, especially since deposition of BMP2
in bone and new synthesis of BMP2 are both missing in our mice. An abundance of cis-regulatory elements
in the BMP2 gene desert mediate precise spatiotemporal control of BMP2 during development and repair,
and this could potentially be exploited for screens identifying improved and more controlled methods bone
repair mediated by endogenous expression of Bmp2.

In summary, the dynamic spatiotemporal expression pattern of Bmp2 constitutes an essential mechanism
determining active versus quiescent states of the periosteal niche throughout embryonic and postnatal life.
We identify Bmp2 as the signal that couples bone length to bone width during development and
demonstrate that reactivation of this developmental signaling center is the essential mechanism by which
bone anabolic therapies recruit the periosteum to reduce fracture risk and accelerate fracture repair.
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<td>anti-H3acK14 (rabbit polyclonal)</td>
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<td>anti-Bcl9 (rabbit polyclonal)</td>
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**Animals** In vivo experiments were performed in compliance with the Guide for the Care and Use of Laboratory Animals and were approved by the Harvard Medical Area Institutional Animal Care and Use Committee (protocol #04043 to V.R.). Mice bearing alleles where loxP sites flank the coding sequence of exon 3 of Bmp2 (Bmp2<sup>fl/fl</sup>) were bred to Prx1-Cre mice (B6.Cg-Tg(Prrx1-cre)1Cjt/J)<sup>11</sup>, Sp7-GFP::Cre mice (B6.Cg-Tg(Sp7-tTA,tetO-EGFP/cre)1Amc/J)<sup>23</sup>, or 2.3kb-Col1a1-Cre mice (Tg(Col1a1-cre)1Kry<sup>16</sup>) to obtain Bmp2<sup>fl/fl</sup>, Prx1-Cre mice (Bmp2 Prx1-cKO), Bmp2<sup>fl/fl</sup> Sp7-EGFP::Cre mice (Bmp2 Sp7-cKO), or Bmp2<sup>fl/fl</sup> Col1a1-Cre mice (Bmp2 Col1a1-cKO). Mice carrying floxed Bmp2 alleles (Bmp2<sup>fl/fl</sup>) were crossed to Dkk1 haploinsufficient mice (Dkk1tm1Lmgd/Dkk1tm1Lmgd)<sup>37</sup> to obtain Dkk1<sup>1/2</sup>; Bmp2<sup>fl/fl</sup> mice, and these mice were subsequently bred to Bmp2<sup>fl/fl</sup>; Prx1-Cre mice to obtain Dkk1<sup>1/2</sup>; Bmp2<sup>fl/fl</sup>; Prx1-Cre mice (Dkk1<sup>1/2</sup>; Bmp2 Prx1-cKO). Bmp2 Prx1-cKO mice were also crossed to Ai9 Cre-reporter mouse (B6.Cg-Gt(ROSA)26Sortm9(CAG-tdTomato)Hze/J) harboring a loxP-flanked STOP cassette preventing transcription of a CAG promoter-driven red fluorescent protein variant (tdTomato). The targeted mutation was inserted into the Gt(ROSA)26Sor locus by homologous recombination. TdTomaTo is expressed when bred to mice that express Cre recombinase.

Mice with a lacZ cassette knock-in to the endogenous Bmp2 locus (Bmp2<sup>2m1(KOMP)Kcp</sup>), herein referred to as Bmp2<sup>2m2</sup>) were generated by the trans-NIH Knock Out Mouse Project (KOMP) and obtained from the KOMP repository (www.komp.org). The genomic region of the Bmp2 containing exon 2 was deleted and replaced with a transmembrane-lacZ/neocassette using bacterial homologous recombination. Transgenic mice expressing enhanced green fluorescent protein under the control of a BMP-responsive fragment of the Id1
promoter (herein referred to as BRE:gfpl\textsuperscript{14}) were a kind gift of Dr. Christine Mummery.

**Bone Measurements** Femoral length and width (antero/posterior) were measured in fresh collected bones using a digital caliper (Ted Pella, Inc) (8-20 per age and per genotype). Percentage of tissue area and cross-sectional composition (Figure1) were calculated based on areal measurements obtained with ImageJ Software areal measurement tool. The whole radius from newborn (n=6-9) and P14 (n=3-9) Bmp2 Prx1-cKO mice and control littermates were sectioned from distal to proximal. One section every 50 µm was measured. Digital images were obtained using a Zeiss Axiolmager MI Microscope fitted with an AxioCam HRC digital camera and Zeiss AxioVision imaging software.

**Radiographs** Imaging was done post-mortem in a Bruker MS-Fx-Pro using 45 kVp of radiation energy and a 30 second exposure time.

**Micro-CT and Bone Strength Assessment** Femora were scanned post-mortem with a μCT40 (Scanco Medical AG, Switzerland). The mid-shaft of the diaphysis was analyzed using a 12 µm voxel size, 70 kVp/145 mA of radiation energy and a 300 msec integration time. Contouring was performed using a threshold of 220 for trabecular bone (450.7 mgHA/cm\textsuperscript{3}) or 334 for cortical bone (787.7 mgHA/cm\textsuperscript{3}). We quantified the average moment of inertia (I\textsubscript{min}), and the average total cross-sectional area of bone tissue (Ct.Ar). To assess structural strength, hydrated femurs were loaded in three-point bending to determine the peak moment (maximum force x span) endured by each bone\textsuperscript{19}. For the estimated material properties reported in supplemental materials, we used standard flexural formula (maximum force x span x C\textsubscript{min} / I\textsubscript{min}) from beam theory the structural properties from microCT. Data are reported as mean ± s.d, where p-value was calculated using 1-way ANOVA and post-test Newman Keuls. All data points were included in the analysis.

**Intermittent Parathyroid Hormone** Two week-old Bmp2 Prx1-cKO mice and control littermates were assigned to treatment groups (n=5-8 per group). PTH\textsubscript{1-34} (hPTH(1–34); Bachem, Bubendorf, Switzerland) was administered at 100 µg/kg/day\textsuperscript{8} for 2 weeks by subcutaneous injections or equivalent volume of vehicle (phosphate-buffered saline, pH 7.4) seven days per week. Seven week-old male Bmp2 Prx1-cKO mice and control littermates were treated for 3 weeks with PTH\textsubscript{1-34} or vehicle five days per week (n=4-8). Mice were
sacrificed 2 hours after the final PTH injection, followed by exsanguination and tissue collection for further analysis.

**Histomorphometry** Static and dynamic histomorphometry measurements were analyzed between 4-week-old or 10 week-old *Bmp2 Prx1-cKO* mice and control littermates treated or not treated with hPTH. In the first set of experiments (2 to 4 weeks of age) mice were injected with demeclocycline hydrochloride (40 mg/kg) for 4 days before euthanasia and with calcein (20 mg/kg) 1 day before euthanasia. In the second set of experiments (7 to 10 weeks of age) the same doses of demeclocycline and calcein were administered, but 8 and 2 days before euthanasia. Kinetic bone parameters were obtained from unstained 10 µm sections examined by fluorescent light microscopy. The static and dynamic histomorphometric indexes were evaluated in trabecular and cortical bone in sagittal and transversal sections. Periosteal and endosteal parameters were evaluated as described previously.

**Sclerostin-neutralizing antibody** SOST-ab (provided by A. Economides at Regeneron) was prepared in sterile saline and delivered via subcutaneous injection at a dose of 20 mg/kg, twice per week for 2 weeks. Diluted antibody was stored in single-use aliquots at -80°C.

**Histology** Samples removed for histology were fixed in 4% paraformaldehyde, decalcified in Tris buffer containing 10% EDTA and embedded in paraffin. Sections (5 mm thick) were stained with 0.1% toluidine blue using standard procedures. Immunolocalization was performed as described. Briefly, sections were digested with trypsin (1% in PBS) for 10 minutes at 37°C and then boiled for 15 minutes in citrate buffer. Sections were blocked with 5% goat serum for 1 hour and incubated with primary antibody overnight at 4°C, followed by incubation with secondary antibody for 1 hour at room temperature, then with fluorophore for 30 minutes at room temperature or incubated with Vector Elite ABC reagent (Vector) for 60 minutes before developing with diaminobenzidine. Primary antibodies were as follows: anti-pSMADS (Cell Signaling); anti-ID1 and ID3 (BioCheck); antiHGF1 (Abcam). Secondary antibodies were conjugated with AlexaFluor-555 and AlexaFluor-488 for immunofluorescence and sections were counterstained with DAPI (Vectorshield). Secondary antibodies were conjugated with biotin for immunohistochemistry and sections were counterstained with toluidine blue or methyl green. Digital images were obtained using a Zeiss Axiolmager.
MI Microscope fitted with an AxioCam HRC digital camera and Zeiss AxioVision imaging software.

**Standardized fractures** with pin stabilization were made in femora of adult mice as previously described. Fractured and non-fractured contralateral controls femurs were collected 3 days after fracture, processed for paraffin sectioning, and subjected to lacZ staining.

**LacZ staining** Tissues were embedded in optimal cutting temperature compound (OCT) on dry ice and frozen sections were prepared for beta-galactosidase staining as previously described.

**Cryohistology for endogenously expressed reporters** Tissues were fixed in 10% neutral buffered formalin overnight at room temperature. If necessary, tissues were decalcified in 14% EDTA pH 8.0 prior to cryopreservation in a 30% sucrose gradient, then embedded in optimal cutting temperature compound (OCT) on dry ice. Frozen sections from adult bones were collected on a CryoJane tape system and mounted with Vectashield plus DAPI (Vector Labs).

**Col1A1 in situ hybridization** P14 mouse hindlimbs were fixed, paraffin processed and sectioned in the coronal plane using standard methods. In vitro transcription to generate riboprobes was performed using standard protocols and reagents (Promega). In situ hybridization with digoxigenin-labeled Col1A1 probe was carried out as described previously.

**Three-point bending** Femurs were placed on the lower support points of a three-point bending fixture with the anterior side down (i.e., bending about the medial-lateral plane). The span (l) between the lower supports was 7 mm or 8 mm depending on genotype. Hydrated bone was loaded-to-failure at 3.0 mm/min (Dynamight 8841, Instron, Canton, OH) to generate the force vs. displacement (P-d) curve. The primary structural properties were rigidity (δ), which is the slope of the linear portion of the curve multiplied by \( L^3/48 \), ultimate moment (P\(_{\text{ult}}\)\(\times L/4 \)), which is the peak bending moment endured by the mid-shaft, the post-yield deflection (PYD), which is the normalized displacement at failure minus the displacement at yielding, and work-to-fracture (W\(_{\text{fr}}\)), which is the area under the normalized P-d curve generated by the test (i.e., multiplied by \( 12/L^2 \) to adjust for differences in span).
Serology Blood was collected by heart puncture after euthanasia for serum biochemistry. Serum IGF-1 was measured with ELISA kit (Immuno diagnostics, Inc., CA, USA) from 2-, 4- and 10-week-old mice. Analysis was performed as suggested by the manufacturer and, in all cases, serum was diluted 1:10.

Recombinant growth factors Recombinant human BMP2 (200 ng/ml; Genetics Institute). Recombinant human BMP7 and GDF5 (200 ng/ml; R&D Systems). Recombinant mouse Wnt3a, Wnt10 (40 ng/ml; R&D Systems). Noggin (10 µg/ml; R&D Systems).

Immunoblot Bones were cleaned of soft tissue and marrow, snap frozen in liquid nitrogen, and pulverized for 10 minutes using a Bullet Blender and Navy Lysis Beads in RIPA buffer containing Halt protease and phosphatase inhibitors (Pierce). Proteins were separated by SDS-page electrophoresis and immunoblotted with the following antibodies at 1:1000 dilutions: phospho-Smad1/5 (Cell Signaling #9511), Smad1 (Cell Signaling # 9743), and alpha-Tubulin (Sigma, #T6074).

Bone marrow stromal cells (BMSC) Bone marrow from 4-6 month-old mice (male and female) was collected as previously described and plated in BMSC medium (ascorbic acid free α-MEM (Invitrogen) containing 20% FBS, 40 mM L-glutamine, 100 U/ml penicillin-G, and 100 mg/ml streptomycin). After 3 days, non-adherent cells were removed by vigorous washing. Osteoblast differentiation BMSC were seeded in BMSC medium at 35,000 cells/well in 96-well dishes (for alizarin red staining) or 300,000 cells per well in 24-well dishes (for RNA or protein). Confluent cultures were stimulated on day 1 with Osteogenic Medium (OM: BMSC medium plus 50 µg/ml ascorbic acid and 10 mM β-glycerophosphate) ± 200 ng/ml rhBMP2 (Genetics Institute) or 40 ng/ml recombinant mouse Wnt3a (R&D Systems). Alizarin red Fixed cells were stained for 30 mins in 0.4% aqueous solution of alizarin red S (Sigma). ARS was eluted in 10% glacial acetic acid, pH was adjusted with 10% ammonium hydroxide, and absorbance was measured at 405 nm. QPCR Cells were scraped into 250 µl/well of Trizol, homogenized 5 times through a 22g needle and 5 times through a 25g needle. Genomic DNA was digested with 50 ul gDNase solution (RNeasy Plus Universal Kit, Qiagen). The organic phase was separated using 50 µl chloroform, and mixed with 150 µl of 70% ethanol before loading onto an RNeasy spin column and purifying according to manufacturer’s instructions. RNA was reverse transcribed using SuperScript III First-Strand Synthesis System (Invitrogen).
transcribed with EcoDry Premix (Clonetech). Data were normalized to beta-actin, analyzed using ΔΔCT
method, and expressed as mean±s.d relative to Bmp2-/- cells cultured in osteogenic medium. Two-tailed
student's t-test was utilized to calculate P-values.

**Periosteal Cells** Periosteal cells were isolated from hindlimbs and forelimbs of 4 week-old Bmp2-/-; Prx1-Cre
mice. Litter mate Bmp2-/- or Bmp2+/+: Prx1-Cre were used as controls. In brief, long bone were carefully
cleaned from muscles and the ends of the bones sealed with agarose. The bones were digested with
collagenase and dispase 3 mg/ml (Sigma) for 45 minutes in a shaking 37°C water bath. Cells were collected,
strained and plated in 5% CO2 and 5% O2 incubator. After expansion RNA was extracted. Cells from Bmp2-/-;
Prx1-Cre mice do not grow well, so cultures were supplemented with 10 ng/ml rbMP2. For each isolation
bones from 3-4 mice/genotype were pooled to create 1 culture. Three separate isolations were performed
for gene expression analysis. 500ng RNA was reverse transcribed to cDNA using the iSCRIPT kit (BioRad) and
qPCR analysis performed (SYBR GREEN). The data presented as mean ± SEM. BMP4 was detected only in one
of the samples.

**Chromatin immunoprecipitation** Immortalized and clonal limb bud cells from E13.5 mouse embryos
(MLB13 clone 14)ML,49 were cultured and maintained in DMEM supplemented with 10% fetal bovine serum
and Pen/Strep. MLB13 clone 14 cells were generated by Vicki Rosen and maintained continuously in Dr.
Rosen's private storage. They remain neomycin-resistant (based on the strategy for immortalization) and
maintain historical features of morphology and differentiation capacity in skeletal lineages. They are free of
mycoplasma, as determined by QPCR testing. A plasmid encoding V5-tagged GRHL3 was provided by Center
for Cancer Systems Biology, PlasmID clone HsCD00376192. MLB13 were seeded to 90% confluence,
transfected with a plasmid encoding human GRHL3, and cultured for 3 d in osteogenic medium plus
indicated growth factors. Chromatin immunoprecipitation was performed according to manufacturer's
instructions with the SimpleChIP Enzymatic Chromatin IP Kit with magnetic beads (Cell Signaling). Primers
for Grhl3 binding element 11 are: Forward 5’-ACCTGGGTATTGCTGAAA-A3’ and Reverse 5’-
GGAAGAGCTGGCTTTTCC-A3’. V5-antibody: Invitrogen #R961-25. GRHL3 antibody: ThermoFisher #PA5-
41616. H3acK14 antibody: Millipore #06-599. Rabbit IgG: Cell Signaling #2729. Smad1 antibody: Cell
Signaling #9743.
Chromatin immunoprecipitation/sequencing. Forelimbs buds were manually dissected from ca. 250
RjOrl:SWISS outbred 10.5 dpc mouse embryos. Chromatin immunoprecipitation was performed as
previously described. Briefly, the tissue was dissociated to a single cell suspension with collagenase (1
ug/ml in PBS) for 1 hour at 37°C, washed and crosslinked in 20 ml PBS for 40 min with the addition of 1.5
mM ethylene glycol-bis(succinimidyl succinate) (Thermo Scientific, Waltham, MA, USA), for protein-protein
crosslinking, and 1% formaldehyde for the last 20 min of incubation, to preserve DNA-protein interactions.
The reaction was blocked with glycine and the cells were subsequently lysed in 1 ml HEPES buffer (0.3% SDS,
1% Triton-X 100, 0.15 M NaCl, 1 mM EDTA, 0.5 mM EGTA, 20 mM HEPES). Chromatin was sheared using
Covaris S2 (Covaris, Woburn, MA, USA) for 8 min with the following set up: duty cycle: max, intensity: max,
cycles/burst: max, mode: Power Tracking. The sonicated chromatin was diluted to 0.15% SDS and incubated
overnight at 4°C with 1 μg of anti-Bcl9 (Abcam, ab37305) or IgG and 50 ul of protein A/G magnetic beads
(Upstate). The beads were washed at 4°C with wash buffer 1 (0.1% SDS, 0.1% deoxycholate, 1% Triton X-100,
0.15 M NaCl, 1 mM EDTA, 0.5 mM EGTA, 20 mM HEPES), wash buffer 2 (0.1% SDS, 0.1% sodium deoxycholate,
1% Triton X-100, 0.5 M NaCl, 1 mM EDTA, 0.5 mM EGTA, 20 mM HEPES), wash buffer 3 (0.25 M LiCl, 0.5%
sodium deoxycholate, 0.5% NP-40, 1 mM EDTA, 0.5 mM EGTA, 20 mM HEPES), and finally twice with Tris
EDTA buffer. The chromatin was eluted with 1% SDS, 0.1 M NaHCO3, de-crosslinked by incubation at 65°C
for 5 h with 200 mM NaCl, extracted with phenol-chloroform, and ethanol precipitated. The
immunoprecipitated DNA was used as input material for DNA deep sequencing. ChIP-seq data are available
at Array Express accession number E-MTAB-7652.

Peak calling: All sequenced reads were mapped using the tool for fast and sensitive reads alignment,
Bowtie 2 (http://bowtie-bio.sourceforge.net/bowtie2/index.shtml), onto the UCSC mm10 reference mouse
genome. The command “findPeaks” from the HOMER tool package (http://homer.salk.edu/homer/) was used
to identify enriched regions in the Bcl9 immunoprecipitation samples using the “-style = factor” option
(routinely used for transcription factors with the aim of identifying the precise location of DNA-protein
contact). Input and IgG samples were used as enrichment-normalization controls. Peak calling parameters
were adjusted as following: L = 4 (filtering based on local signal), F = 4 (fold-change in target experiment
over input control). Annotation of peaks’ position (i.e. the association of individual peaks to nearby
annotated genes) was obtained by the all-in-one program called "annotatePeaks.pl". Finally, the HOMER command "makeUCSCfile" was used to produce bedGraph formatted files that can be uploaded as custom tracks and visualized in the UCSC genome browser (http://genome.ucsc.edu).

**Association analyses in the DiscovEHR cohort** Sample preparation and sequencing was performed as described previously. Exome capture was performed with either NimbleGen (SeqCap VCRome). Sequence reads were aligned to GRCh38. Variant calling and genotyping was performed as described in detail previously\textsuperscript{13}. Gene definitions were restricted those genes and transcripts with annotated start and stop codons; a total of 19,467 protein-coding genes.

Genotypes were coded as follows: homozygous reference as 0, heterozygotes as 1, and homozygous alternative or compound heterozygous as 2. Only individuals of European ancestry were analyzed. For clinical diagnoses, ICD-10 codes were collapsed into hierarchical clinical disease groups and corresponding controls using a modified version of the groupings proposed previously\textsuperscript{12,13}. Case assignment for the 14,128 ICD-10 based diagnoses required one or more of the following: a problem list entry of the diagnosis code or an encounter diagnosis code entered for two separate clinical encounters on different calendar days. Firth logistic regression was performed using PLINKv1.9\textsuperscript{4}, with adjustment for age, age squared, sex, and the first four principal components of ancestry. Gene-trait association results meeting the Bonferroni corrected significance threshold 0.05/268192 ($P<1.86\cdot10^{-7}$) are reported.

**Statistical Analysis** Methods for statistical analysis are specific to various components of the study and are described in detail for each type of experiment.


ACKNOWLEDGEMENTS:

Funded by NIH-NIAMS R01 AR055904 (to V.R.). Micro-computed tomography and histology provided by Massachusetts General Hospital Skeletal Research Core (NIH P30 AR066261). We thank Aris Economides for sclerostin neutralizing antibody; The Geisinger-Regeneron DiscovEHR Collaboration for enabling phenotype association wide studies; the University of Iowa Gene Transfer Vector Core (supported in part by the NIH and the Roy J. Career Foundation) for viral vectors. V.S., L.C., J.N., C.C., D.Z., S.P., K.C., S.O., M.F. and L.G. performed experiments and data analysis. V.S. and V.R. prepared the manuscript with input from co-authors. We have no competing interests.
Table 1. Skeletal phenotype analysis of Bmp\textsuperscript{2}\textsuperscript{flx/flx}; Col1a1-Cre mice shows that loss of Bmp2 in mature osteoblasts does not cause a periosteal growth defect. Bone mass analyzed in the femur of juvenile 2 week-old mice by microCT. Data presented as mean ± s.d. with no statistical differences detected between WT and conditional knockout mice using 1-way ANOVA. Abbreviations: BV/TV, trabecular bone volume to total tissue volume; Tb.Th, trabecular thickness; Tb.Sp. trabecular spacing; Tb.N. trabecular number; Tt.Ar, total cross-sectional tissue area at the mid-diaphysis; Ct.Ar, cortical bone area; Ct.Ar/Tt.Ar, cortical bone area as a fraction of total tissue area; C.Th cortical thickness; $I_{\text{Min}}$, minimum moment of inertia.

<table>
<thead>
<tr>
<th>MicroCT Femur, P14</th>
<th>Bmp\textsuperscript{2}\textsuperscript{flx/flx}</th>
<th>Bmp\textsuperscript{2}\textsuperscript{flx/flx}; Col1a1-Cre</th>
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<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>BV/TV (%)</td>
<td>7.9 ± 1.0</td>
<td>7.5 ± 0.6</td>
</tr>
<tr>
<td>Tb.Th (mm)</td>
<td>0.026 ± 0.002</td>
<td>0.026 ± 0.006</td>
</tr>
<tr>
<td>Tb.Sp. (mm)</td>
<td>0.361 ± 0.037</td>
<td>0.399 ± 0.058</td>
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<tr>
<td>Tb.N (1/mm)</td>
<td>2.89 ± 0.307</td>
<td>2.63 ± 0.35</td>
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<tr>
<td>Tt.Ar (mm\textsuperscript{2})</td>
<td>1.17 ± 0.08</td>
<td>1.15 ± 0.078</td>
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<tr>
<td>Ct.Ar (mm\textsuperscript{2})</td>
<td>0.322 ± 0.052</td>
<td>0.301 ± 0.018</td>
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<td>Ct.Ar/Tt.Ar (%)</td>
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<td>25 ± 0.08</td>
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<tr>
<td>C.Th (mm)</td>
<td>0.081 ± 0.006</td>
<td>0.078 ± 0.007</td>
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<tr>
<td>$I_{\text{Min}}$ (mm\textsuperscript{4})</td>
<td>0.040 ± 0.007</td>
<td>0.038 ± 0.002</td>
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Table 2. Skeletal phenotype of 2 week-old Bmp2\textsuperscript{flx/flx}, Prx1-Cre mice. Quantitative microCT data presented as mean ± s.d. where ***P<0.0005 vs. age-matched Bmp2\textsuperscript{flx} littermates when compared by 1-way ANOVA. (e) Static histomorphometry (n=4), presented as mean ± s.d. *P<0.05 vs. age-matched Bmp2\textsuperscript{flx} littermates. Abbreviations: BV/TV, trabecular bone volume to total tissue volume; Tb.Th, trabecular thickness; Tb.Sp. trabecular spacing; Tb.N, trabecular number; Tt.Ar, total cross-sectional tissue area at the mid-diaphysis; Ct.Ar, cortical bone area; Ct.Ar/Tt.Ar, cortical bone area as a fraction of total tissue area; C.Th cortical thickness; Ma.Ar, marrow area; I\textsubscript{min}, minimum moment of inertia; TMD, tissue mineral density.

<table>
<thead>
<tr>
<th>MicroCT Femur, P14</th>
<th>Bmp2\textsuperscript{flx/flx}</th>
<th>Bmp2\textsuperscript{flx/flx}, Prx1-Cre</th>
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</thead>
<tbody>
<tr>
<td>N</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>BV/TV (%)</td>
<td>4.3 ± 1.0</td>
<td>6.6 ± 0.9</td>
</tr>
<tr>
<td>Tb.Th (mm)</td>
<td>0.02 ± 0.001</td>
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<tr>
<td>Tb.Sp. (mm)</td>
<td>0.35 ± 0.04</td>
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<td>Tb.N (1/mm)</td>
<td>2.8 ± 0.3</td>
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<tr>
<td>Tt.Ar (mm\textsuperscript{2})</td>
<td>1.02 ± 0.08</td>
<td>0.6 ± 0.03***</td>
</tr>
<tr>
<td>Ct.Ar (mm\textsuperscript{2})</td>
<td>0.24 ± 0.03</td>
<td>0.21 ± 0.01</td>
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<td>Ct.Ar/Tt.Ar (%)</td>
<td>23 ± 0.2</td>
<td>36 ± 1.0***</td>
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<tr>
<td>C.Th (mm)</td>
<td>0.065 ± 0.07</td>
<td>0.06 ± 0.03</td>
</tr>
<tr>
<td>Ma.Ar (mm\textsuperscript{2})</td>
<td>0.46 ± 0.04</td>
<td>0.23 ± 0.02***</td>
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<tr>
<td>I\textsubscript{min} (mm\textsuperscript{4})</td>
<td>0.02 ± 0.005</td>
<td>0.01 ± 0.001***</td>
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<tr>
<td>TMD (mgHA/cm\textsuperscript{2})</td>
<td>882.6 ± 20.6</td>
<td>858.7 ± 8.57</td>
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Table 3. Skeletal phenotype of juvenile Bmp2<sup>floX/floX</sup>; Prx1-Cre mice after intermittent PTH therapy.

Juvenile mice (two weeks old) were given intermittent PTH<sub>1-34</sub> therapy (100 mg/kg, subcutaneous) for 14 days. Bone mass was analyzed in the femur by microcomputed tomography (microCT). Trabecular bone at the distal metaphysis and cortical bone at the mid-diaphysis of the femur are presented as group mean ± s.d. and statistically compared by 2-way ANOVA. BV/TV, bone volume fraction; Conn.D, connectivity density; SMI, structure model index; Tb.N, trabecular number; Tb. Th, trabecular thickness; Tb.Sp, Trabecular separation; Tt.Ar, total cross-sectional area; Ct.Ar, cortical bone area; Ct.Ar/ Tt.Ar, cortical area fraction; Ct.Th, average cortical thickness; I<sub>min</sub>, minimum moment of inertia; Ma.V, marrow volume. P<sub>a</sub><0.05 vs. WT. P<sub>b</sub><0.05 vs. Vehicle.

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Bmp2&lt;sup&gt;floX/floX&lt;/sup&gt;</th>
<th>Bmp2&lt;sup&gt;floX/floX&lt;/sup&gt;; Prx1-Cre</th>
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<tbody>
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<td>MicroCT Femur, 4 wk</td>
<td>Vehicle</td>
<td>PTH</td>
</tr>
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<td>4</td>
<td>5</td>
</tr>
<tr>
<td>BV/TV (%)</td>
<td>11.9 ± 7.4</td>
<td>33.2 ± 8.6&lt;sup&gt;b&lt;/sup&gt;</td>
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<tr>
<td>Conn.D</td>
<td>244.6 ± 232.1</td>
<td>438.7 ± 165</td>
</tr>
<tr>
<td>SMI</td>
<td>2.2 ± 0.9</td>
<td>0.1 ± 1.8</td>
</tr>
<tr>
<td>Tb.N (1/mm)</td>
<td>5.1 ± 2.1</td>
<td>8.3 ± 2.4&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Tb.Th (mm)</td>
<td>0.04 ± 0.005</td>
<td>0.05 ± 0.009</td>
</tr>
<tr>
<td>Tb.Sp (mm)</td>
<td>0.2 ± 0.07</td>
<td>0.121 ± 0.05</td>
</tr>
<tr>
<td>Ct.Ar (mm&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>0.43 ± 0.04</td>
<td>0.60 ± 0.05&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Tt.Ar (mm&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>1.4 ± 0.1</td>
<td>1.6 ± 0.2</td>
</tr>
<tr>
<td>Ct.Ar/ Tt.Ar (%)</td>
<td>0.31 ± 0.01</td>
<td>0.38 ± 0.02&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Ct.Th (mm)</td>
<td>0.1 ± 0.007</td>
<td>0.134 ± 0.004&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Ma.V (mm&lt;sup&gt;3&lt;/sup&gt;)</td>
<td>1.16 ± 0.7</td>
<td>1.2 ± 0.2</td>
</tr>
<tr>
<td>I&lt;sub&gt;min&lt;/sub&gt; (mm&lt;sup&gt;4&lt;/sup&gt;)</td>
<td>0.06 ± 0.009</td>
<td>0.1 ± 0.02&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
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</table>
Table 4. Skeletal phenotype of adult $Bmp2^{flox/flox}$; Prx1-Cre mice after intermittent PTH therapy. Ten week-old mice were given intermittent PTH$_{1-34}$ therapy (100 mg/kg, subcutaneous) for 14 days. Bone mass was analyzed in the femur by microcomputed tomography (microCT). Trabecular bone at the distal metaphysis and cortical bone at the mid-diaphysis of the femur are presented as group mean ± s.d. and statistically compared by 2-way ANOVA. BV/TV, bone volume fraction; Tb.N, trabecular number; Tb.Th, trabecular thickness; Tb.Sp, Trabecular separation; Tt.Ar, total cross-sectional area; Ct.Ar, cortical bone area; Ct.Ar/ Tt.Ar, cortical area fraction; Ct.Th, average cortical thickness; Ct.Po, cortical porosity; Ma.V, marrow volume; Imin, minimum moment of inertia.$^{P<0.05}$ vs. WT.$^{P<0.05}$ vs. Vehicle.

<table>
<thead>
<tr>
<th>MicroCT Femur, 10 wk</th>
<th>$Bmp2^{flox/flox}$</th>
<th>$Bmp2^{flox/flox}$ Prx1-Cre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>Vehicle</td>
<td>PTH</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>BV/TV (%)</td>
<td>12.3 ± 3</td>
<td>16.7 ± 2$^b$</td>
</tr>
<tr>
<td>Tb.N (1/mm)</td>
<td>4.90 ± 0.5</td>
<td>5.50 ± 0.9</td>
</tr>
<tr>
<td>Tb.Th (mm)</td>
<td>0.04 ± 0.003</td>
<td>0.04 ± 0.005</td>
</tr>
<tr>
<td>Tb.Sp (mm)</td>
<td>0.20 ± 0.02</td>
<td>0.19 ± 0.05</td>
</tr>
<tr>
<td>Tt.Ar (mm$^2$)</td>
<td>1.60 ± 0.01</td>
<td>1.90 ± 0.3</td>
</tr>
<tr>
<td>Ct.Ar (mm$^2$)</td>
<td>0.76 ± 0.07</td>
<td>0.88 ± 0.07$^b$</td>
</tr>
<tr>
<td>Ct.Ar/ Tt.Ar (%)</td>
<td>0.47 ± 0.04</td>
<td>0.46 ± 0.03</td>
</tr>
<tr>
<td>Ct.Th (mm)</td>
<td>0.19 ± 0.02</td>
<td>0.19 ± 0.005</td>
</tr>
<tr>
<td>Ct. Po (%)</td>
<td>3.58 ± 0.28</td>
<td>4.06 ± 0.1$^b$</td>
</tr>
<tr>
<td>Ma.V (mm$^2$)</td>
<td>1.03 ± 0.16</td>
<td>1.21 ± 0.27</td>
</tr>
<tr>
<td>Imin (mm$^4$)</td>
<td>0.11 ± 0.01</td>
<td>0.15 ± 0.03$^b$</td>
</tr>
</tbody>
</table>
Table 5. Human variants of BMP2 and GRHL3 are associated with increased risk of fractures. We performed a phenomewide association study of BMP2 and a downstream effector GRHL3 in 61,062 individuals from DiscovEHR, a cohort linking exome sequence data to electronic health records (EHRs). Using a Bonferroni significance threshold of $P < 1.86e-7$ for 268,192 association results, we observed three significant associations for BMP2 and six significant associations for GRHL3.

<table>
<thead>
<tr>
<th>Variant</th>
<th>Gene</th>
<th>Functional Prediction</th>
<th>HGVS amino acid</th>
<th>Phenotype</th>
<th>Odds Ratio (CI)</th>
<th>P-Value</th>
<th>MAF</th>
</tr>
</thead>
<tbody>
<tr>
<td>20:6770235:T&gt;G</td>
<td>BMP2</td>
<td>missense</td>
<td>p.Ser37Ala</td>
<td>Post-eruptive changes of dental hard tissues</td>
<td>15.44 (6.50-36.64)</td>
<td>5.33E-10</td>
<td>0.01802</td>
</tr>
<tr>
<td>20:6778359:G:A</td>
<td>BMP2</td>
<td>missense</td>
<td>p.Arg154Gln</td>
<td>Secondary hyperparathyroidism, not elsewhere classified</td>
<td>18.88 (7.35-48.53)</td>
<td>1.06E-09</td>
<td>0.00033</td>
</tr>
<tr>
<td>1:24336821:A&gt;T</td>
<td>GRHL3</td>
<td>synonymous</td>
<td>p.Pro202Pro,Pro207</td>
<td>Fracture of thoracic vertebra</td>
<td>12.72 (5.59-28.94)</td>
<td>1.36E-09</td>
<td>0.00078</td>
</tr>
<tr>
<td>20:6778291:A&gt;T</td>
<td>BMP2</td>
<td>missense</td>
<td>p.Arg131Ser</td>
<td>Fracture of lower leg, including ankle</td>
<td>16.05 (6.44-40.00)</td>
<td>2.54E-09</td>
<td>0.00019</td>
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<tr>
<td>1:24342967:C&gt;T</td>
<td>GRHL3</td>
<td>missense</td>
<td>p.Thr454Met,p.Thr459Met</td>
<td>Atresia of bile ducts</td>
<td>17.11 (6.34-46.18)</td>
<td>2.07E-08</td>
<td>0.03395</td>
</tr>
<tr>
<td>1:24336694:T:C</td>
<td>GRHL3</td>
<td>missense</td>
<td>p.Val160Ala,p.Val165A,Val165Ala</td>
<td>Malignant neoplasm of parietal lobe</td>
<td>8.72 (4.08-18.64)</td>
<td>2.31E-08</td>
<td>0.04732</td>
</tr>
<tr>
<td>1:24344928:A&gt;G</td>
<td>GRHL3</td>
<td>missense</td>
<td>p.Asn484Ser,p.Asn489Ser</td>
<td>Malignant neoplasm of parietal lobe</td>
<td>8.23 (3.90-17.38)</td>
<td>3.24E-08</td>
<td>0.0484</td>
</tr>
<tr>
<td>1:24339645:C&gt;G</td>
<td>GRHL3</td>
<td>intronic</td>
<td>NA</td>
<td>Fracture of patella</td>
<td>13.33 (5.11-34.81)</td>
<td>1.22E-07</td>
<td>0.00109</td>
</tr>
<tr>
<td>1:24342967:C&gt;T</td>
<td>GRHL3</td>
<td>missense</td>
<td>p.Thr454Met,p.Thr459Met</td>
<td>Atresia of esophagus with tracheo-esophageal fistula</td>
<td>9.76 (4.16-22.88)</td>
<td>1.63E-07</td>
<td>0.03396</td>
</tr>
</tbody>
</table>
**FIGURE LEGENDS**

**Figure 1. Osteoprogenitor-derived Bmp2 couples length to width in the appendicular skeleton.** (a,b) Representative 3D reconstructions of the murine femur using microcomputed tomography (microCT). (c) Femoral length or (d) femoral width at mid-diaphysis, presented as mean ± s.d. with n=8-20 bones per age per genotype. *P<0.05, **P<0.005, or ***P<0.0005 vs. age-matched Bmp2 Prx1-cKO cohort. (e, g) Representative toluidine blue histology at the mid-diaphysis of the forelimb. (f, h) MicroCT analysis of total cross-sectional bone tissue area presented as mean ± s.d. with n=4. *P > 0.05. (i,j) Cross-sectional composition of cortical bone in the radius of newborn (n=6-9 per genotype) or 2 week-old mice (n=3-9 per genotype) (see methods). Abbreviations: PC, perichondrium; PO, periosteum. (k,l,m) Representative toluidine blue histology at the mid-diaphysis of indicated skeletal elements. (n) Length or (o) width of embryonic day 15 metatarsals, measured following 1 or 5 days of *ex vivo* culture. Mean ± s.d. with n=6-12 where **P<0.005, ***P<0.005, or ****P<0.00005. (p,q,r) Femur length mean ± s.d. with n=6-12 where *P<0.05. (s) Minimum moment of inertia in P14 femur, calculated by microCT (n=4) shown as mean ± s.d. where ***P<0.0005. (t) Toluidine blue histology revealing cortical microcracks in the humerus of Bmp2 Prx1-cKO mice at 4 weeks of age. (u) X-ray images showing representative bowing of the radius and ulna of Bmp2 Prx1-cKO mice in the absence of frank fractures. Statistical analyses were performed using two-tailed Student’s *t*-test.

**Figure 1-figure supplement 1. BMP2 acts downstream of IGF-1 pathway in the periosteum.** (a) Persistence of IGF1+ cells in Bmp2 Prx1-cKO periosteum. Transverse sections of the radius and ulna were imaged in brightfield following immunostaining to visualize cells expressing IGF-1. (b) Elisa analysis demonstrates that circulating levels of IGF-1 are not statistically reduced in Bmp2 Prx1-cKO mice.

**Figure 1-figure supplement 2. Skeletal phenotype analysis of Bmp2^flox/flox; Col1A1-Cre mice shows that loss of Bmp2 in mature osteoblasts does not cause a periosteal growth defect.** (a,b) Alizarin red and alcian blue whole mount staining of (a) forelimbs and (b) hindlimbs from at postnatal day 14 mice. (c,d) Representative toluidine blue histology at the mid-diaphysis of the (c) forelimb or (c) femur at postnatal day 14. (e) X-ray imaging shows that Bmp2 Col1A1-cKO reach peak adult body size with no evidence of
spontaneous fractures. (f) Length and width remain coupled at postnatal day 14 following ablation of Bmp2 in mature osteoblasts.

**Figure 1-figure supplement 3.** Skeletal phenotype analysis of Bmp2^{lox/lox}; Prx1-Cre mice reveals architectural abnormalities compounded by material defects. Bone mass analyzed in the femur of juvenile (2 week-old) mice by microcomputed tomography (microCT). (a) X-ray imaging shows that Bmp2 Prx1-cKO reach peak adult body size despite slender bones. (b) Trabecular bone at the distal metaphysis and (c) cortical bone at the mid-diaphysis of the femur visualized by 3D reconstructions. Images represent the group mean and are shown to scale. (d-h) Dynamic histomorphometry assessing bone formation rate as a function of bone surface (BFR/BS) at (e) endosteal versus (f) periosteal surfaces, or mineral apposition rate (MAR) at (g) endosteal versus (h) periosteal surfaces. n=4, presented as mean ± s.d. where *P<0.05 vs. age-matched Bmp2^{F/F} littermates. (i) Scanning electron microscopy of cross-sections at the femoral mid-diaphysis. (j) Residual cartilage islands and increased osteocyte density in the femur of Bmp2 Prx1-cKO mice visualized by safranin O and nuclear red staining. (k,l) Picrosirius red and hematoxylin stain, followed by polarized light microscopy reveal accumulation of disorganized collagen extracellular matrix in the femur of Bmp2 cKO mice. (m-p) Dynamic histomorphometry assessing osteoid thickness (OTH) at (m) endosteal versus (n) periosteal surfaces, or mineralization lag time (MLT) at (o) endosteal versus (p) periosteal surfaces. n=4, presented as mean ± s.d. where *P<0.05 vs. age-matched Bmp2^{F/F} littermates.

**Figure 2.** Robust versus quiescent states of Bmp2 expression reflect active versus homeostatic states of periosteal bone growth. LacZ staining on tissues from mice expressing beta-galactosidase from one allele of the endogenous Bmp2 locus (Bmp2^{lox/lox}). (a) Lateral view of a whole mount E13.5 Bmp2^{lox/lox} mouse embryo, representative of other Bmp2^{lox/lox} littermates. (b,c) Longitudinal sections through the (b) forelimb or (c) hindlimb of E14.5 Bmp2^{lox/lox} mouse embryos. (d,e) Longitudinal sections of (d) digits or (e) radius/ulna of newborn Bmp2^{lox/lox} mice. (f-i) Longitudinal sections through cortical femoral bone from (f) 7 day-old, (g) 14 day-old, (h) 21 day-old or (i) 6 month-old Bmp2^{lox/lox} mice. Black bars define LacZ expression domain relative to PO (periosteum), CB (cortical bone), or MA (marrow) in brackets. (j-l) Standardized fractures were established in femurs of Bmp2^{lox/lox} and WT littermate mice (n=3). (k,l) LacZ staining 3 days post-fracture in (k)
Bmp2<sup>lacZ/+</sup> or (l) negative control WT mice.

**Figure 2-figure supplement 1. Schematic of the Bmp2<sup>lacZ</sup> knock-in allele.** Homologous recombination was used to replace the first 336 coding nucleotides of murine Bmp2 with non-membrane targeted bacterial beta-galactosidase. (a) Specifics of allele construction from the UC Davis Knock Out Mouse Project repository, Velocigene project ID 12406. (b) Schematic of the targeting strategy and the ZEN-Ub1 replacement cassette. (c) Genomic view of targeted locus visualized with the publicly-available Ensembl genome browser (www.ensembl.org).

**Figure 2-figure supplement 2. Bmp2 expression domain during periosteal bone growth.** (a) LacZ staining on tissues from mice expressing beta-galactosidase from the endogenous Bmp2 locus (Bmp2<sup>lacZ/+</sup>). Longitudinal sections through the (a) forelimb of an E14.5 Bmp2<sup>lacZ/+</sup> mouse embryo, (b) forelimb of a newborn Bmp2<sup>lacZ/+</sup> mouse, or (c) humerus of a 2 week-old Bmp2<sup>lacZ/+</sup> mouse. Black bar indicates LacZ expression domain in the PO (periosteum), CB (cortical bone), or MA (marrow) in brackets.

**Figure 3. Robust versus quiescent states of periosteal BMP signaling reflect active versus homeostatic states of periosteal bone growth.** Fluorescent and brightfield microscopy on tissues from mice with transgenic expression of enhanced green fluorescent protein (gfp) under the control of a minimal fragment of the Id1 promoter with pan-BMP response elements (BRE:gfp). (a) GFP (green) and DAPI (blue) imaging on sagittal (left) or frontal (right) cryosections of the hand plate from E13.5 BRE:gfp embryos. (b,c) Serial sections through the forelimb of newborn BRE:gfp mice were analyze by Von Kossa staining for mineralized tissue, Alcian Blue staining for cartilage, or DAPI counterstaining of GFP expression domains. (d,e) Toluidine blue or GFP/DAPI imaging on sagittal cryosections through the femur of (d,e) 2 week-old or (f) 6 month-old BRE:gfp mice. White arrowheads, GFP in the bone collar surrounding the growth plate cartilage; red arrowheads, GFP+ cells in growth plate; red dotted lines demarcate GFP+ cells of the (2o) bone collar or (2q) innermost layer of the periosteum. Abbreviations: PO, periosteum; CB, cortical bone; TB, trabecular bone; Ma, Marrow.

For all timepoints, n>3 histological sections were examined from equivalent skeletal sites of multiple littermate mice.
Figure 4. Bmp2 is dispensable for development and maintenance of the periosteum. (a,b) The periosteum forms during development and is maintained in postnatal life in Bmp2 Prx1-cKO mice. Sagittal sections of the femur from mice were stained with picrosirius red and hematoxylin, and imaged by brightfield (left panels) or polarized light (right panels) microscopy. Images shown are representative of femurs harvested from littermates at ages (a) embryonic day E17.5, (b) postnatal day 0, or (c) postnatal day 14. Arrowheads point to the outer collagen-rich canopy of periosteum in Bmp2 Prx1-cKO mice.

Figure 5. Bmp2 is essential for periosteal BMP signaling and periosteal expression of BMP target genes. (a,b) Loss of phospho-Smad1/5+ cells in Bmp2 Prx1-cKO periosteum. Transverse serial sections of the radius and ulna from (a) newborn and (b) 2 week-old mice, imaged in brightfield following toluidine blue stain to visualize skeletal tissue (left panels) or by fluorescence microscopy following DAPI and immunostaining to visualize cells with phospho-activated Smads1/5 (right panels). Black boxes on left panels indicate regions expanded in two right panels. (c) Loss of Id1+ cells in Bmp2 Prx1-cKO periosteum. Transverse sections of the radius and ulna were imaged in brightfield following immunostaining to visualize cells expressing the BMP target gene, Id1. Black boxes on left panels indicate regions expanded in right panels. (d) Toluidine blue and in situ hybridization for Col1a1 in cross-sections of the radius/ulna from 2 week-old Bmp2 Prx1-cKO mice. Abbreviations: BC, bone collar/perichondrium; EO, endosteum; PO, periosteum; Ma, marrow. For all timepoints, n≥3 histological sections were examined from equivalent skeletal sites of multiple littermate mice.

Figure 6. Bmp2 acts downstream of intermittent parathyroid hormone treatment in the juvenile periosteum. Intermittent PTH₁-₃₄ therapy does not rescue periosteal growth in juvenile Bmp2 Prx1-cKO mice. (a) Juvenile mice were given intermittent PTH₁-₃₄ therapy (100 mg/kg, subcutaneous) for 14 days. (b) Longitudinal sections of the femur stained with toluidine blue to visualize trabecular bone architecture. (c) Transverse sections of the radius and ulna stained with toluidine blue to visualize cortical bone architecture. (d-g) Bone mass analyzed in the femur by microcomputed tomography (microCT). (d) Trabecular bone at the distal metaphysis and (e) cortical bone at the mid-diaphysis of the femur visualized by 3D
reconstructions. Images represent the group mean and are shown to scale. (f) Ratio of bone volume (BV) to trabecular volume (TV). (g) Total cross-sectional area at the mid-diaphysis. Quantitative microCT data presented as mean ± s.d. where *P<0.05 vs. matched genotype vehicle control and #P<0.05 vs. WT vehicle control (n=4-5 per group). (h,i) Dynamic histomorphometry assessing bone formation rate as a function of bone surface (BFR/BS) at (h) endosteal versus (i) periosteal surfaces. (j,k) Dynamic histomorphometry assessing mineral apposition rate (MAR) at (j) endosteal versus (k) periosteal surfaces. Dynamic histomorphometry (n=4-5 per group) presented as mean ± s.d. where *P<0.05. BFR* P-value =0.0503) vs. matched genotype vehicle control and #P<0.05 vs. WT vehicle control. (l,m) Elisa analysis measuring circulating (l) serum phosphate and (m) serum calcium in juvenile mice treated with intermittent PTH$_{1-34}$ presented as mean ± s.d. where *P<0.05 vs. vehicle-treated Bmp2$^{+/+}$ or **P<0.05 vehicle-treated Bmp2 Prx1-cKO littermates. (n) Transverse sections of the radius/ulna with immunostaining to visualize cells expressing the BMP target gene, ID3. Abbreviations: PO, periosteum; Ma, marrow. N=3 histological sections were examined from multiple mice per cohort.

**Figure 7. Bmp2 acts downstream of intermittent parathyroid hormone treatment in the adult periosteum.** Intermittent PTH$_{1-34}$ therapy does not improve biomechanical stability or fracture repair in adult Bmp2 Prx1-cKO mice. (a) Adult mice were given intermittent PTH$_{1-34}$ therapy (100 mg/kg, subcutaneous) for (b-g) 14 days or (h) 21 days. (b-d) Quantitative microCT and biomechanical analysis on adult mice treated 2 weeks with PTH$_{1-34}$ (n=3-5), presented as mean ± s.d. where *P<0.05 vs. matched genotype vehicle control. (b) Ratio of bone volume (BV) to trabecular volume (TV). (c) Peak moment as a function of Iuva/Cuva. (d) Predicted minimum moment of inertia. (e-h) Incidence of femoral or forelimb fractures in adult mice treated (e-g) two weeks (n=4-5 per group) or (h) 21 days (n=8 per group) with PTH$_{1-34}$ Biomechanics are reported as mean ± s.d, where P-value was calculated using 1-way ANOVA and post-test Newman Keuls. All data points were included in the analysis. Remaining group comparisons were made by 2-way ANOVA and Tukey’s multiple comparison tests.

**Figure 8. Bmp2 acts downstream of sclerostin neutralizing antibody in the periosteum.** (a-c) Haploinsufficiency of Dkk1 does not rescue periosteal growth in juvenile Bmp2 Prx1-cKO mice. Femoral bone
mass was analyzed by microCT in juvenile mice (two weeks old). (b) Transverse sections of the femur mid-diaphysis were visualized by 3D reconstructions. Images represent the group mean and are shown to scale.

(c) Calculated areal moment of inertia. n=6-8 shown as mean ± s.d. **P < 0.005 compared using 2-way ANOVA. (d-i) Pharmacologic activation of Wnt pathway does not rescue periosteal growth or fracture repair in adult Bmp2 Prx1-cKO mice. WT or Bmp2 Prx1-cKO mice (13 weeks old) were treated with sclerostin neutralizing antibody (SOST-ab, 20 mg/kg, 2 times/week for 2 weeks, subcutaneous). Femoral bone mass was analyzed by microCT. (e) Trabecular bone at the distal metaphysis and (g) cortical bone at the mid-diaphysis of the femur visualized by 3D reconstructions. Images represent the group mean. Scale bars, 1 mm. (f, h-j) Quantitative microCT data presented as mean ± s.d. *P<0.05, **P<0.005, or ***P<0.0005. vs. matched genotype vehicle control (n=4-8 per group), compared using 2-way ANOVA and Tukey multiple comparisons test. (f) Ratio of bone volume (BV) to trabecular volume (TV) at the distal femoral metaphysis. (h) Total cross-sectional area at the mid-diaphysis. (i) Polar moment of inertia at the mid-diaphysis. (j) Minimum moment of inertia at the mid-diaphysis. (k, l) X-ray imaging revealing non-union forelimb fractures in mice treated two weeks with SOST-ab (n=17-24 wrists per group).

Figure 9. Bmp2 acts downstream of sclerostin neutralizing antibody to reactivate the developmental periosteal BMP signaling center. (a, b) PTH1-34 and SOST-ab activate BMP signaling in bone and alkaline phosphatase activity in WT mice. Adult WT mice (4 months-old) were given a single injection of PTH1-34 (100 mg/kg, subcutaneous) or SOST-ab (20 mg/kg, subcutaneous). (a) Immunoblot for total and phospho-activated Smads1/5 in marrow-free bone tissue. Experiment was repeated twice. (b) Alkaline phosphatase activity (red) counterstained with DAPI (blue) were imaged on longitudinal sections of the femur (n=2-3 mice per group). (c-e) SOST-ab activates BMP signaling in the periosteum in a Bmp2-dependent manner. BRE:Gfp and a Cre-dependent tdTomato reporter were bred onto a Bmp2 Prx1-cKO background. (c-d) BRE:Gfp (green) and (e) tdTomato (red) was visualized in femurs of adult mice (4 months-old) given 2 injections of (c, top) saline, (c, bottom) 2 injections of SOST-ab (20 mg/kg, subcutaneous) and sacrificed 72 hr after the first injection or (d-e) 4 injections of SOST-ab (20 mg/kg, 2 times/week for 2 weeks, subcutaneous).

Abbreviations: Ma, marrow; CB, cortical bone; PO, periosteum.
Figure 9-figure supplement 1. Magnified images of BRE-gfp expression in cortical bone following SOST-ab treatment. SOST-ab activates BMP signaling in the periosteum in a Bmp2-dependent manner. BRE-gfp and a Cre-dependent tdTomato^RFP reporter were bred onto a Bmp2 Prx1-cKO background. GFP (green) and DAPI (blue) were imaged on longitudinal sections of the femur. (a) BRE-gfp was visualized in adult mice (4 months-old) given 2 injections of SOST-ab (20 mg/kg) and sacrificed 72 hr after the first injection.

Figure 9-figure supplement 2. BRE-gfp expression relative to Prx1-Cre; TdToma^e fluorescent channels. (a-c) SOST-ab activates BMP signaling in the periosteum in a Bmp2-dependent manner. BRE-gfp and a Cre-dependent tdTomato reporter were bred onto a Bmp2 Prx1-cKO background. GFP (green), tdTomato (RFP), and DAPI (blue) were imaged on longitudinal sections of the femur. BRE-gfp or tdTomato were visualized in adult mice after two weeks of SOST-ab (20 mg/kg, 2 times/week for 2 weeks, subcutaneous).

Figure 10. Deposition of mineralized bone matrix is optimal when BMP2 and canonical Wnt signaling are balanced. (a,b) Primary periosteal cells isolated from 4 week-old BmpZ^+/+ and BmpZ^−/−;Prx1-Cre mice were analyzed by QPCR in 3 repeat experiments. Fold change mRNA is reported as mean ± s.d. compared by two-tailed student’s t-test where p* <0.001 vs. BmpZ^+/+ cells. Bmp4 expression was at the limit of detection. Primary BMSC were differentiated in osteogenic medium (OM) plus recombinant growth factors. (c) Calcified matrix was assessed on day 10 by alizarin red staining (2.5X, brightfield). Cultures were performed in duplicate using pooled cell populations from n=2 BmpZ^+/+ or n=4 BmpZ^−/−;Prx1-Cre mice. (d) Quantification of alizarin red in (c). Error bars represent distribution of two independent experiments. (e) Primary BMSC cells from n=3 BmpZ^+/+ and n=4 BmpZ^−/−;Prx1-Cre mice were differentiated as non-pooled cultures in OM plus recombinant growth factors as indicated. QPCR analysis on day 3 was reported as mean ± s.d. compared by two-tailed student’s t-test where P* <0.001 vs. BmpZ^−/− cells in OM; P§ <0.001 vs. BmpZ^−/−;Prx1-Cre cells in OM; n=number of independent cultures per condition.

Figure 11. Bmp2 is a direct target gene of canonical Wnt pathway in osteoblast progenitors. (a) Cartoon summarizing discovery of canonical WNT target genes by anti-Bcl9 chromatin immunoprecipitation
from E10.5 mouse limb buds, deep sequencing, and bioinformatic analysis of peaks. 2099 high-confidence
peaks passed statistical threshold in two independent experiments, with significant enrichment at genetic
loci associated with (b) limb, skeletal, and bone development as well as Wnt, TGF-beta, Shh, and Hippo
signaling pathways. High-confidence peaks surrounding genetic loci for (c) Axin2, (d) Lef1, (e) Bmp2, and (f)
Ghrl3. Bioinformatic and statistical analysis described in methods.

Figure 11—figure supplement 1. Bmp2 is upregulated by canonical Wnt pathway in osteoblast
germinitors. (a) Immortalized mouse E13.5 limb bud cells were cultured in OM ± recombinant Wnt3a
(40ng/ml). QPCR analysis for Bmp2 was performed at 24h, 48h, and 6d and expressed as fold change from
untreated cells.

Figure 12. Bmp2 acts downstream of canonical Wnt pathway to specify Sp7+/Col1A1+ osteoblasts. (a)
Cartoon summarizing regulatory analysis of Sp7 locus by chromatin immunoprecipitation of H3-acetyl-K14,
Smad1, endogenous Ghrl3, or transiently expressed V5-GRHL3 from chromatin of immortalized E13.5 limb
bud cell cultures grown in presence of recombinant BMP2 or Noggin. (b) QPCR analysis revealed BMP-
dependent enrichment of these proteins at a putative consensus-binding motif for Ghrl3 located at a (c)
highly conserved genomic region ~13 kb upstream of the Sp7 transcription start site. Data reflect mean ±
distribution in 2 independent experiments.

Figure 13. Developmental, reparative, and therapeutic signals converge on Bmp2 to specify
osteoblasts in the periosteal niche. (a) A proposed hierarchical and regionalized gene regulatory network,
summarizing the source and identity of signals that regulate transcription of Bmp2 for downstream
specification of Sp7+/Col1A1+ osteoblasts in the periosteal niche. Boxed regions, biological compartments;
Boxed text, inputs evaluated in this study; Double arrows in a link, communication across territories; Flat
footpads ending at genetic loci, transcriptional inhibition; Pointed footpads ending at genetic loci,
transcriptional induction; Diamonds under footpads, evidence of direct cis-regulatory interaction provided
by our study; White bubbles, protein/protein interactions. Made with Biotapestry.org.
Figure 1 Salazar et al., Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Figure 1—figure supplement 1
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche

A

Bmp2^{f/f}

Bmp2 Prx1-cKO

5x

63x

B

WT

Bmp2 Prx1-cKO

Serum IGF-1 (ng/ml)

Age (weeks)

2 4 15
Salazar et al, *Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche*
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche
Figure 2 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Figure 2—figure supplement 1
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche
Figure 2—figure supplement 2
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche

A  E14.5 Humerus  E14.5 Forelimb  Solid box zoom

B  PO Forelimb  Solid box zoom  Dotted box zoom

C  P14 Humerus  Solid box zoom
Figure 3 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche
Figure 4 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Figure 5 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche
Figure 6 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche

**A**

<table>
<thead>
<tr>
<th>Phenotype</th>
<th>Birth</th>
<th>2 wk</th>
<th>4 wk</th>
<th>10 wk</th>
<th>15 wk</th>
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<tbody>
<tr>
<td>iPTH</td>
<td>Vehicle</td>
<td>PTH</td>
<td>Vehicle</td>
<td>PTH</td>
<td>Vehicle</td>
</tr>
</tbody>
</table>

**B**

- **Bmp2**\(^{F/F}\) (WT)
- **Bmp2**\(^{F/F} ;\) Prx1-Cre
  - **Bmp2**\(^{Prx1-cKO}\) (Bmp2 Prx1-cKO)

**C**

- **WT**
- **Bmp2 Prx1-cKO**

**D**

- **Vehicle**
- **Bmp2 Prx1-cKO**

**E**

- **Vehicle**
- **Bmp2 Prx1-cKO**

**F**

- **BVTV (%)**
  - WT
  - Bmp2 Prx1-cKO

**G**

- **TL Ar (mm²)**
  - WT
  - Bmp2 Prx1-cKO

**H**

- **BFR/BS (mm²/mm²/d)**
  - WT
  - Bmp2 Prx1-cKO

**I**

- **BFR/BS Endosteum (mm²/mm²/d)**
  - WT
  - Bmp2 Prx1-cKO

**J**

- **MAR Periosteum (mm/mm²/d)**
  - WT
  - Bmp2 Prx1-cKO

**K**

- **MAR Endosteum (mm/mm²/d)**
  - WT
  - Bmp2 Prx1-cKO

**L**

- **Serum calcium (mg/dL)**
  - WT
  - Bmp2 Prx1-cKO

**M**

- **Serum Pi (mg/dL)**
  - WT
  - Bmp2 Prx1-cKO

**N**

- **Post-PTH Forelimb (10X)**
- **Post-PTH Forelimb (63X)**

**L**

- **ID3 Hematoxylin**
  - WT
  - Bmp2 Prx1-cKO
Figure 7 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.

**Figures 7B-7H**

- **Phenotype**
  - Birth
  - 2 wk
  - 4 wk
  - 10 wk
  - 15 wk

- **Fractures**

**Panel A**

**Panel B**

<table>
<thead>
<tr>
<th>Phenotype</th>
<th>Vehicle</th>
<th>PTH</th>
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<tbody>
<tr>
<td>BV/TV (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WT</td>
<td>*</td>
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</tr>
<tr>
<td>Bmp2 Prx1-cKO</td>
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</table>

**Panel C**

- **Peak moment (N mm)**

- **lMIN/C_MIN (mm²)**

**Panels D-H**

- **Moment of Inertia (mm⁴)**

- **Femoral fractures (%) mice**

- **Unilateral FL fractures (%) mice**

- **Bilateral FL fractures (%) mice**

- **Forelimb fractures (%) mice**
Figure 8 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Figure 9 Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Figure 9—figure supplement 1
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche
Salazar et al., Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.
Salazar et al., *Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche*
Figure 11
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche

**A** 10.5 dpc limb buds
Forelimbs (ca. 500)

**B**

<table>
<thead>
<tr>
<th>Developmental Process</th>
<th>FDR</th>
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<tr>
<td>Limb development</td>
<td>2.19E-14</td>
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<tr>
<td>Skeletal System Morphogenesis</td>
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</tr>
<tr>
<td>Bone Morphogenesis</td>
<td>7.95E-08</td>
</tr>
</tbody>
</table>

**C** Axin2 Locus (chr. 11)

**D** Le1 Locus (chr. 3)

**E** Bmp2 Locus (chr. 2)

**F** Grhl3 Locus (chr. 4)

2099 high-confidence peaks common in 2 replicates
Salazar et al, *Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche*
Salazar et al., Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche

Figure 12

A 13.5 dpc limb bud

Cross-linking and chromatin isolation

Immunoprecipitation

Grhl

Smad

H3 acetyl-K14

qPCR screen of Sp7 regulatory regions

B Sp7 locus at GBE11

Rabbit IgG

H3 acetyl-K14

Smad1

V5-GRHL3

Grhl3

Fold Enrichment vs. IgG

C

Scale

chr15: 102,195,000

Sp7

Sp7

102,195,000

102,200,000

102,205,000

102,210,000

UCSC Genes (RefSeq, GenBank, tRNAs & Comparative Genomics)

Your Sequence from Blat Search

Histone Mods by ChIP-seq from ENCODE/LICR

30-Way Multiz Alignment & Conservation

Eucary Cons
Mammal Cons
Vertebrate Cons

Limn H3K4m3
Limn H3K27a
Limn Input

E13.5 limb bud cells
+ BMP2 (BMP ON) or
+ Noggin (BMP OFF)
Salazar et al, Reactivation of a developmental Bmp2 signaling center is required for therapeutic control of the periosteal niche.