

12 January 2011

Mr Darren Collins  
Senior Adviser, Listings  
ASX Compliance Pty Limited

By email only

Dear Darren

**Re: Mesoblast Limited ("Company") - Price Query**

In response to your letter dated 12 January 2011 regarding a price query concerning the Company's securities, I would like to provide the following information:

1. The company is not aware of any information concerning it that has not been announced, which if known, could be an explanation of recent trading in the Company's securities.
2. Not applicable.
3. The increase in the price of the Company's securities on 12 January 2011 from \$4.95 at the start of trading to an intra-day high of \$5.40 at the time of writing, together with larger than normal trading volumes, could be due to the following factors:

On 10 January 2011, the Company announced its interim results from its phase 2 congestive heart failure trial. These results were positive, showing patients who received a single injection of Revascor™ (Mesoblast's proprietary adult stem cell product for the treatment of congestive heart failure) into damaged heart muscle have had less cardiac events, deaths, and hospitalisations during the follow-up period to date than control patients.

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Revascor™ also significantly reduced the number of patients who developed any major adverse cardiac events (MACE, defined as the composite of cardiac death, heart attack, or coronary revascularization procedures) from 40% to 6.7% (p=0.005). Meeting these same hard endpoints in a phase 3 trial is likely to form the basis for product approval by the United States Food and Drug Administration (FDA).

These very encouraging phase 2 results are further enhanced in light of the recent strategic alliance Mesoblast has entered into with Cephalon to develop and commercialise Revascor™ (“Cephalon/Mesoblast strategic alliance”).

On 12 January 2011, the Company announced that the Cephalon/Mesoblast strategic alliance was highlighted at the 29<sup>th</sup> annual JP Morgan Healthcare Conference in San Francisco on 11 January 2011. During his presentation at the conference, Cephalon CEO J. Kevin Buchi focused mainly on the companies’ joint strategy to develop and commercialise Mesoblast’s Mesenchymal Precursor Cell (MPC) therapeutics for degenerative conditions of the cardiovascular and central nervous systems as well as for hematopoietic stem cell transplantation in cancer patients. This presentation can be found on Cephalon’s website at [www.cephalon.com](http://www.cephalon.com) or on the Company’s website at [www.mesoblast.com](http://www.mesoblast.com).

Following on from the JP Morgan conference, US analysts have today put out very favourable reports on the Mesoblast clinical data and relationship with Cephalon and this may have had a positive influence on US investors which we believe has likely contributed to the increased trading volumes.

4. The Company is in compliance with the ASX Listing Rules, and in particular Listing Rule 3.1.

Yours sincerely,



Jenni Pilcher  
Chief Financial Officer

Cc: Kevin Hollingsworth, Company Secretary.



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12 January 2011

Jenni Pilcher  
Chief Financial Officer  
Mesoblast Limited

By email only

Dear Jenni

### **Mesoblast Limited (“Company”) - Price Query**

We have noted an increase in the price of the Company’s securities today from \$4.95 at the start of trading to an intra-day high of \$5.40 at the time of writing. We have also observed larger than normal volumes of trades during this period.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company’s securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [darren.collins@asx.com.au](mailto:darren.collins@asx.com.au). It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 a.m. E.D.S.T. Thursday 13 January 2011**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

[Sent electronically, without signature]

Darren Collins

**Senior Adviser Listings**