

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.

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 29th 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 or on the Company’s website at 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. These analyst reports can also be viewed on the Company’s website at www.mesoblast.com.

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.