mesoblast
the regenerative medicine company

28 October 2011

Kobe Li
Adviser, Listings
ASX Compliance Pty Limited

By email only

Dear Kobe

Re: Mesoblast Limited ("Company") - Price Query dated 28 October 2011

In response to your letter dated 28 October 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 Company is not aware of any factors occurring within the company that could explain the decrease in the price of the Company's securities from $9.40 at the close of trade, 27 October 2011, to a low of $7.90 (at the time of writing) today,nor the larger than normal trading volumes. The Company confirms that its clinical and commercial progress remains on track, which can be highlightedby the following events:

   Clinical Product Development

   - Mesoblast's Phase 2 heart failure clinical trial results have been chosen by the American Heart Association (AHA) to be featured at its 2011 annual conference in Orlando, Florida, in the "Clinical Science: Special Reports" session on November 14, 2011.

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- Results from the randomized, placebo-controlled Phase 2 trial of our allogeneic, or off-the-shelf, adult stem cell product, Revascor™, in patients with moderate-severe congestive heart failure will be presented by Dr Emerson C. Perin, Director of Research in Cardiovascular Medicine and Medical Director, Stem Cell Center, Texas Heart Institute, Houston. This meeting represents the most prestigious gathering of cardiovascular experts in the world and we are delighted to have the achievements of our technology recognised by our cardiovascular specialist peers in this way.

- The Phase 2 trial compared safety and efficacy outcomes in 45 patients who received a single injection of Revascor™ on top of standard-of-care with 15 patients who received standard-of-care alone. An important objective of the trial was to determine whether treatment with Revascor™ could positively impact on hard endpoints, such as death rates and Major Adverse Cardiac Events (MACE). These hard endpoints are required by the United States Food and Drug Administration (FDA) for any product approval in patients with congestive heart failure. Additional soft endpoints, not explicitly required by the FDA for heart failure product approvals, will also be presented.

- The Company reported in January 2011 interim results from this trial showing that a single MPC injection significantly reduced MACE rates over a mean follow-up period of 18 months compared with controls who already received maximal drug and other therapies available.

- If the full trial results, which will be presented at the November AHA conference, continue to substantiate these effects, the Company intends to commence Phase 3 trials for heart failure in 2012.

- Building on the positive heart failure results, together with data showing that our cells can improve blood flow in damaged hearts, we have additionally commenced Phase 2 trials for the treatment of AMI (heart attacks).In September 2011, the Company received clearance by the European Medicines Agency (EMA) to begin a 225-patient multi-center Phase 2 clinical trial in Europe for Revascor™ in patients with large heart attacks.

- Our Phase 3 trial for bone marrow transplantation has been approved for commencement by the FDA.

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- Our programs and products for orthopaedic conditions, type 2 diabetes, inflammatory conditions, and eye diseases, remain on track.

- Our considerable cash resources of $263 million at the end of 30 June 2011 will enable us to execute on these and further Phase 2 and 3 clinical trials.

Strategic Alliances

- Our strategic alliances with Cephalon/Teva and Lonza provide important third party validation of our technology, patents, clinical results, and commercialization opportunities.

- Our distribution alliance with Cephalon Inc. and Teva Pharmaceuticals provides global distribution strength and funding certainty for Phase 3 trials in cardiovascular and neurologic indications, while our manufacturing alliance with Lonza provides certainty of supply capability and reduces financing needs for manufacturing capacity.

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

Yours sincerely,

Kevin Hollingsworth
Company Secretary

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