

asx announcement

U.S. GOVERNMENT GRANTS AWARDED FOR FURTHER DEVELOPMENT OF ADULT STEM CELL PRODUCTS

Melbourne, Australia; 8 November 2010: Regenerative medicine company, Mesoblast Limited (ASX:MSB; USOTC:MBLTY), today announced that its United States associate company, Angioblast Systems, has been awarded \$1.2 million in grants under the United States Government's Qualifying Therapeutic Discovery Project (QTDP) program.

Angioblast received the maximum grant amount awarded for each of the five projects that were eligible for QTDP funding. The projects, selected jointly by the United States Treasury Department and the Department of Health and Human Services, related to the company's products for congestive heart failure, heart attack, oncology, eye and diabetes indications.

"We are pleased to have received this cash award, and will use the funds to advance our objectives for product commercialization," said Mesoblast Chief Executive Professor Silviu Itescu.

The QTDP program was enacted as part of the Patient Protection and Affordable Care Act of 2010 to provide tax credits to eligible companies in order to encourage investments in new therapies for prevention or treatment of acute and chronic diseases. Companies, such as Angioblast Systems, that cannot currently use a tax credit were allowed to apply for a cash grant in lieu of a tax credit.

To be eligible for the program, projects had to show reasonable potential to result in new therapies to treat areas of unmet medical need, prevent, detect, or treat chronic or acute disease and conditions, or reduce long-term health care costs in the United States. Preference was given to projects that showed the greatest potential to create and sustain (directly or indirectly) high quality, high-paying jobs in the United States, and advance United States competitiveness in the fields of life, biological, and medical sciences.

"The award serves as further external recognition, in this case by the United States Government, of the strength and promise of our adult stem cell technology platform to deliver effective therapies for a range of conditions currently in great medical need," said Professor Itescu.

About Mesoblast

Mesoblast Limited (ASX: MSB; ADR: MBLTY) is a world leader in commercializing biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights for a series of patents and technologies developed over more than 10 years relating to the identification, extraction, culture and uses of adult Mesenchymal Precursor Cells (MPCs). www.mesoblast.com

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