

asx announcement

MESOBLAST STATEMENT ON VALEANT PROPOSAL TO CEPHALON

Melbourne, Australia; 31 March 2011: Mesoblast has received a number of enquiries from shareholders and analysts regarding yesterday's announcement by Mesoblast's strategic partner Cephalon Inc that it had received an unsolicited proposal from Valeant Pharmaceuticals International Inc to acquire Cephalon's issued share capital or certain assets. Mesoblast continues to maintain a close dialogue with Cephalon.

The comments below are in response to specific questions that have been raised:

1. Irrespective of the outcome of the Valeant proposal, Mesoblast confirms that its two Phase 3 clinical programs (congestive heart failure and bone marrow transplantation) are fully funded and on track, and is confident that there will be no delay in their implementation. These programs represent the greatest near term revenue opportunities for Mesoblast.

2. In the event of a change in control of Cephalon, the Development and Commercialisation Agreement between Cephalon and Mesoblast would continue on the same terms and conditions. All of Cephalon's funding and milestone payment obligations to Mesoblast would remain in effect. Under certain circumstances, the Agreement can be terminated on customary terms (including on notice for breach, non-performance, or satisfying certain conditions). In these circumstances, Mesoblast regains commercial rights to its valuable assets, and retains all payments which have been made by Cephalon.

3. Mesoblast's strong cash position today is sufficient to complete our key Phase 3 trials, get our lead products to market, and generate significant revenues.

4. For our other indications, based on our proprietary platform technology, we continue to maintain advanced discussions with global Pharma and device companies.

Mesoblast Limited

Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) is a world leader in the development, manufacture, and commercialization of biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights to 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). More information - www.mesoblast.com

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