mesoblast
the regenerative medicine company

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A YEAR OF TRANSFORMATION

Address by Mesoblast Chairman Brian Jamieson
2011 Annual General Meeting

On behalf of the Board of Directors, I am very pleased to welcome you to the 2011 Annual General Meeting of Mesoblast Limited.

I am proud to report the progress we've made over the past year at Mesoblast. As a leading company in the life sciences, we have had a number of transformative events during the course of the past 12 months, and I want to share these with you in my brief remarks.

Recent developments, in terms of both our business relationships and our clinical trial programs, have allowed us to further solidify our position of dominance in regenerative medicine. With stem cell therapy at its core, regenerative medicine is an area we see as having vast potential for human health and the evolution of treatments for major diseases.

As you know, last December we made a seminal announcement – Mesoblast entered an alliance with United States-based Cephalon Inc to develop and commercialize our proprietary adult stem cell therapeutics. The alliance is focused on degenerative conditions of the cardiovascular and central nervous systems.

The agreement, which included a substantial upfront payment of US$130 million, as well as up to US$1.7 billion in milestone payments from Cephalon, has helped Mesoblast to accelerate its clinical programs over the past year, giving us the flexibility to pursue multiple, concurrent clinical trials on our own. This is unlike many other international life science companies who have been adversely impacted by the current economic crisis and have had to pare back or shutter key programs.

In October of this year, Cephalon was acquired by Israel-based Teva Pharmaceutical Industries Ltd. From the beginning, Teva has signalled the importance they attach to our adult stem cell platform and programs. During a recent corporate presentation, Teva highlighted Mesoblast's technology as one of the most important areas of innovation within their global collaborative network. Teva has been very supportive, our teams work with them closely in planning next steps in clinical development, and I believe both companies have much to offer each other.

Another major event in 2011 was our signing of a strategic global manufacturing alliance with Switzerland-based Lonza Group, a world leading biologics suppliers to the pharmaceutical, healthcare and life science industries. The alliance with Lonza will provide us with significant commercial advantages, including certainty of capacity to meet long-term global supply of our adult stem cell products.

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I mentioned the progress of our development programs, and indeed we've seen very encouraging clinical and preclinical results for our adult stem cell products across major indications where this a critical need for novel and more efficacious therapies – heart failure, heart attacks, chronic angina, Type 2 diabetes, degenerative disc disease, and age-related macular degeneration.

Most recently, we announced independently reviewed mid-stage clinical results for Revascor™, our proprietary product for cardiovascular diseases. This is a patient population that otherwise has few treatment options, and the only method of treating end-stage heart failure currently is a heart transplant or a mechanical assist device.

Revascor™ was safe and well-tolerated at all doses, with no clinically relevant immune responses to donor cells. Treatment with Revascor™ significantly reduced cardiac mortality and major adverse cardiac events in patients with congestive heart failure. The highest dose of Revascor™ completely prevented any episodes of heart failure hospitalization over 18 months of follow-up, which is a major hard endpoint that the FDA wants to see emulated in a subsequent Phase 3 trial. Based on these outstanding results, Revascor™ is expected to enter Phase 3, the last stage of clinical testing, in multiple centers worldwide in the first half of 2012.

Mesoblast also received clearance from the United States Food and Drug Administration to enter Phase 3 testing for bone marrow regeneration in patients who have been treated for blood cancers. Results of a study sponsored by the acclaimed MD Anderson Cancer Center showed our MPCs accelerated recovery of blood cells and were associated with excellent 100-day patient survival and low rates of graft immune responses.

We also initiated a Phase 2 clinical trial of our MPC product for the treatment of low back pain and degenerative disc disease this past August. This is another major global disease that we are targeting with a highly innovative and effective clinical approach.

We are aiming to replicate preclinical study results where a single, minimally-invasive injection of our MPCs into severely damaged intervertebral discs resulted in significant reversal of the degenerative process and regrowth of disc cartilage.

This past year, we also received clearance from the European Medicines Agency to begin a Phase 2 clinical trial in Europe using Revascor in conjunction with angioplasty and stent procedures to prevent heart failure after a major heart attack. The preclinical data was very compelling, and formed the basis for this innovative clinical trial.

Additionally, we gained clearance from the Singapore Health Sciences Authority to use our cells to treat a form of age-related macular degeneration, which is the leading cause of blindness in the elderly in industrialized nations. Once again, we hope to replicate very promising preclinical trial results.

Our corporate strategy is to increasingly target the emerging and very accessible large Asian healthcare markets, and this is in line with the Lonza manufacturing agreement which provides Mesoblast with exclusive access to Lonza's cell therapy facilities in Singapore for the manufacture of our off-the-shelf products.

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And this month, we reported very promising preclinical results of our MPC product for Type 2 diabetes, which showed that a single injection of our off-the-shelf cells significantly lowered blood sugar levels for up to eight weeks in non-human primates with Type 2 diabetes. A direct correlation between reductions in fasting blood glucose levels over time and reductions in a major predictor of cardiovascular risk in Type 2 diabetic patients was also demonstrated. After a positive meeting with the FDA just last week, we hope to take this to the clinic in a Phase 2 study in the first quarter of 2012.

As you can see, we have had an outstanding year. We expect even greater accomplishments in the near future and anticipate a healthy flow of news and key milestones into 2012 and beyond.

While Mesoblast's corporate headquarters are in Australia, we have also established a strong presence in the key healthcare market of the United States, with our office in New York City focusing on our clinical, regulatory and manufacturing activities.

Essentially Mesoblast is a global organization. Our partners are international, and the Company's adult stem cell products are the subject of active programs at many of the leading research institutions and organizations in the United States and Europe, Asia and Australia. We have diversified our shareholder base, increasing the number of global institutional holdings as well as retail participation in major markets.

We are well-financed and well-supported, with approximately $256 million cash on hand. This gives us true flexibility to establish the broadest scope of application for our promising, adult-derived Mesenchymal Precursor Cells.

We attract the best and the brightest because we want to change and believe we can change medical care and quality of life for patients worldwide.

In looking back over the previous year, I'd like to acknowledge the strong teams that form the core of our company. We have brought in key hires with pivotal experience in the industry. We are proud to have built a diverse group with complementary skills and have maintained gender diversity by attracting a number of women to senior roles within the Company.

I would also like to acknowledge the expertise and broad range of skills and experience that my fellow Board members bring to the table and their steadfast commitment to exemplary corporate governance.

As you can see, we have had an outstanding year and we have travelled a great distance towards achieving what we hope is the first in a series of approvals for breakthrough products that will address major diseases with well-defined, unmet clinical needs.

Thank you for giving me the opportunity to present the Mesoblast story to you. I would now like to welcome Mesoblast's exceptional Chief Executive, Professor Silviu Itescu, to elaborate further on the path to commercialization and our outstanding results to date.

Melbourne, Australia **24 November 2011**