



11 January 2010

Mr. Dean Litis
Principal Adviser, Issuers
ASX Markets Supervision Pty Ltd
GPO Box 1784
Melbourne VIC 3001

Dear Dean

In response to your Price Query letter of 8 January 2010, 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 for recent trading in the securities of the Company.
2. Not applicable.
3. The Company's operating loss for the half year ended 31 December 2009 may vary from the corresponding period by more than 15% but we believe this result does not have a material impact on the share trading of our Company's stock.
4. The Company will not record any material abnormal or extraordinary items for the half year ended 31 December 2009.
5. The increase in the Company's share price from 1.36 at close of trading on 31 December 2009 to a high of \$1.79 on 8 January 2010 potentially could be due to the following factors:

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www.mesoblast.com

ABN 68 109 431 870
ACN 109 431 870



On 8 January 2010, Southern Cross Equities initiated research on the Company, with the recommendation of "Spec Buy", with a valuation base case of \$3.01 per share and optimistic case \$8.73. The base case figure of \$3.00 was used as the 12-month target price.

In addition, on 18 December 2009 the Company announced positive preclinical results demonstrating the potential use of the stem cell platform technology for the treatment of diabetes. These results were subsequently followed, just prior to Christmas 2009, by extensive media coverage and by research analysis from Royal Bank of Scotland which upgraded its recommendation on the Company from a "hold" to a "buy".

Commercial rights to this new application of the platform technology belong to Mesoblast's United States-based associate company, Angioblast Systems Inc. Angioblast continues to explore financing alternatives (Initial Public Offering or other commercial transactions) to fund its existing and expanding clinical programs. Mesoblast holds 38.4% equity in Angioblast and, as previously announced, may seek to maintain or increase its shareholding in conjunction with the next financing event.

6. The Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely

Kevin Hollingsworth
Company Secretary



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8 January 2010

Mr Kevin Hollingsworth
Company Secretary
Mesoblast Limited

By e-mail only

Dear Kevin

Mesoblast Limited- Price Query

We have noted a change in the price of the Company's securities from \$1.36 at close of trading on 31 December 2009 to a high of \$1.79 at time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating loss before abnormal items and income tax so that the figure for the half year ended 31 December 2009 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ended 31 December 2009? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at dean.litis@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before **9.30 a.m. AEDST**) on **Monday 11 January 2010**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

[Sent by electronic means without signature]

Dean Litis

Principal Adviser, Issuers