

10th September 2010

Mr Dean Litis
Principal Adviser, Issuers
Level 45
Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Dear Dean

Re: Mesoblast Limited (“Company”) - Price Query

In response to your letter dated 10 September 2010 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, which if known, could be an explanation of recent trading in the Company’s securities.
2. Not applicable.
3. The increase in the price of the Company’s securities in the last 7 trading days and, in particular from \$2.16 at the close of trading yesterday 9 September 2010 to an intra-day high of \$2.48 at the time of writing today could be due to the following factors:

On August 16 2010, the Company provided market guidance on its planned Phase 3 bone marrow transplant program and announced that a positive meeting had been held with the United States Food and Drug Administration (FDA).

On 23 August 2010 the Company announced to the market it would be holding an Extraordinary General Meeting on 22 September 2010 for its shareholders to consider, and if thought fit to pass, a resolution for Mesoblast to issue 94,590,000 shares in order to acquire all remaining securities of Angioblast (associate) which it doesn’t already own.

Also on 23 August, the Mesoblast Chairman, in a letter to shareholders, stated that the proposed acquisition would enable Mesoblast to significantly broaden its

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product portfolio based on 100% ownership of the intellectual property rights underpinning the entire Mesenchymal Precursor Cell (MPC) technology platform. He added that the proposed acquisition would transform Mesoblast from a biologics company focussed on orthopaedic applications to a global leader in the regenerative medicine industry, with Mesoblast shareholders set to gain full commercial benefits from the breadth of applications, including cardiac, eye, diabetes, and oncology .

This announcement was accompanied by an Independent Expert Report prepared by Deloitte, who have assessed the proposed acquisition price to be “fair and reasonable” to the shareholders of Mesoblast, and who have reported an “estimated fair market value of a share in the merged entity to be between \$2.35 to \$2.65”.

On August 26 2010, the Company announced its Financial Year End Results and Preliminary 2010 Annual Report. In these documents, the Company disclosed cash reserves of \$32 million, and outlined the key achievements of the year. Foremost among these achievements was the Company’s success in obtaining Australian regulatory approval for stem cell commercial manufacture, the first such approval for a culture-expanded adult stem cell therapy anywhere in the world.

Earlier today Southern Cross Equities (SCEQ) released a research report to its institutional investor base and to more than 5000 retail clients and advisers. In today’s report, SCEQ reported that “Mesoblast is now moving towards Phase III on bone marrow transplant after a successful Phase II trial, putting the company on track for first commercial revenues in 2012/13. Given the potential of the MPC technology to help revive a Big Pharma pipeline, we also think the company is potentially an acquisition candidate. Speculative Buy recommendation and target price of \$3.00 per share maintained”. This report follows up on an earlier research report by Southern Cross Equities analyst Stuart Roberts on August 16 titled “Phase 3 Getting Ready For Take-Off” with a speculative buy recommendation and a twelve month price target of \$3.

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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10 September 2010

Jenni Pilcher
Chief Financial Officer
Mesoblast Limited

By email only

Dear Jenni

Mesoblast Limited (“Company”)- Price Query

We have noted an increase in the price of the Company’s securities in the last 7 trading days and, in particular from \$2.16 at the close of trading yesterday 9 September 2010 to an intra-day high of \$2.48 at the 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 other explanation that the Company may have for the price change in the securities of the Company?

4. 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 **2.00 p.m. E.S.T. today Friday 10 September 2010**.

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

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 electronically, without signature]

Dean Litis

**Principal Adviser
Issuers, Melbourne**