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8 April 2014

Kate Kidson
Principal Adviser
ASX Listings Compliance (Melbourne)

By email

Dear Kate,

Re: Mesoblast Limited (the "Entity") - Price Query

In response to your letter dated 7 April 2014 regarding a price query concerning the Company's securities, I hereby 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 of recent trading in the Company's securities.

    a. Not applicable, the Company has not provided earnings guidance to the market.
    b. No material change is forecast for the earnings period ending 30 June 2014, from the prior corresponding period.

2. Not applicable.

3. The Company believes the decrease in price of its securities to $4.61 at the close of trade 7 April 2014, together with the larger than normal trading volume, is primarily as a result of a fall in the NASDAQ Biotechnology Index (ETF) of 4.01% on Friday 4 April 2014, together with an increase in short positions.

    Indeed, Mesoblast continues to report significant progress across all areas of its business including:

    - Strong cash position of $250 million at 31 December 2013.
    - Continued progress in late-stage clinical trials across all four of its core therapeutic areas including the Phase 3 trial of Mesenchymal Precursor Cells (MPCs) for chronic congestive heart failure, which is being conducted by our commercial partner Teva Pharmaceutical Industries Ltd.
    - The recent acquisition of late-stage Mesenchymal Stem Cell (MSC) assets provides opportunity for earlier product launches.
    - Mesoblast collaborator, JCR Pharmaceuticals, is expanding its manufacturing facility in preparation for its commercial launch in Japan of its MSC product, JR-031. This product is being developed for the treatment of steroid-refractory graft versus host disease (GVHD) in children and adults after a bone marrow transplant. The Japanese Ministry of Health, Labour and Welfare granted JR-031 orphan drug status in December 2013 and as a result it will be subject to an expedited review. JCR has confirmed it will launch its product as scheduled in 2015.

- Mesoblast will meet with the United States Food and Drug Administration (FDA) shortly to discuss potential pathways for accelerated MSC product approvals in the United States for the treatment of GVHD.
- Mesoblast plans to seek FDA regulatory clearance to commence a Phase 3 trial using MPCs for lumbar intervertebral disc repair during the second half of 2014.
- Ongoing optimization of manufacturing processes using large-scale bioreactors to support expected demand for commercial products.
- The Company's intellectual property estate has been significantly complemented and extended to more than 60 patent families covering major healthcare markets.

4. The Company is in compliance with the ASX Listing Rules, and in particular Listing Rule 3.1.

Yours sincerely,

Jenni Pilcher
Company Secretary