

asx announcement

MESOBLAST COMPLETES ACQUISITION OF ANGIOBLAST

- 90.8 million new shares issued to former Angioblast security holders
- No former Angioblast security holders elect to receive cash, saving Mesoblast approximately \$47 million
- In lieu of cash, former Angioblast security holders placed 14.4 million shares to new and existing institutional investors
- Balance of 76.4 million newly issued Mesoblast shares escrowed for up to one year
- Cash on hand forecast to be \$260 million at Q1 2011

Melbourne, Australia; 23 December 2010 – Regenerative medicine company, Mesoblast Limited (ASX:MSB; OTC ADR: MBLTY), today announced that it had completed its acquisition of United States company Angioblast Systems Inc with the issue of 90.8 million ordinary shares to former Angioblast security holders, increasing the total number of shares on offer to 253.8 million shares. Notably, no former Angioblast security holders elected to take a cash entitlement, resulting in a total saving to Mesoblast of approximately \$47 million.

To facilitate an orderly transfer of securities, Southern Cross Equities placed 14.4 million of the 90.8 million newly issued Mesoblast shares to new and existing international and domestic institutional investors. The placement was oversubscribed by more than 33%, underscoring the company's strong investor support. The balance of 76.4 million newly issued Mesoblast shares are subject to escrow conditions of up to 12 months.

As a result of the new issue of Mesoblast shares, global biopharmaceutical company Cephalon Inc. now owns 12.25% of outstanding Mesoblast shares and will acquire a further 24,554,647 shares at \$4.35 per share in order to gain a 19.99% shareholding in Mesoblast. The issue of the balance of 7.74% of Mesoblast shares to Cephalon will be subject to shareholder approval at an Extraordinary General Meeting (EGM) of Mesoblast shareholders to be held on 9 February 2011.

Under the terms of the Development and Commercialization Agreement between Mesoblast and Cephalon, Mesoblast has already received the first upfront instalment of US\$100 million and will receive a further payment of US\$30 million on shareholder approval of the issue of additional shares to Cephalon. Approval of the additional equity purchase by Cephalon will result in a further cash injection to Mesoblast of \$106.8 million.

Mesoblast expects to have approximately \$260 million cash on hand after the EGM to fund its clinical and preclinical programs as well as its manufacturing strategies.

About Mesoblast Limited

Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) is a world leader in commercializing biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights for 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).

www.mesoblast.com



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