

**MESOBLAST RECEIVES A\$29.6 MILLION FOLLOWING SHARE ISSUE TO MALLINCKRODT**

**New York, USA; and Melbourne, Australia; January 9, 2017:** Mesoblast Limited (ASX: MSB; Nasdaq: MESO) today announced that it has received A\$29.6 million (US\$21.7 million) following issuance of 20.04 million shares to Mallinckrodt Pharmaceuticals. The shares will be held in voluntary escrow for a period of 12 months.

Under the terms of the equity purchase agreement signed on December 23, 2016, and in consideration for the share purchase, Mallinckrodt has an exclusive period of up to nine months to conclude commercial and development agreements for two of Mesoblast's Tier 1 product candidates, MPC-06-ID in the treatment or prevention of moderate/severe chronic low back pain due to disc degeneration and MSC-100-IV in the treatment of acute graft versus host disease, in all territories outside of Japan and China.

**About Mallinckrodt**

Mallinckrodt is a global business that develops, manufactures, markets and distributes specialty pharmaceutical products and therapies, as well as nuclear imaging products. Areas of focus include autoimmune and rare diseases in specialty areas like neurology, rheumatology, nephrology, pulmonology and ophthalmology; immunotherapy and neonatal respiratory critical care therapies; analgesics and hemostasis products; and central nervous system drugs. The company's core strengths include the acquisition and management of highly regulated raw materials and specialized chemistry, formulation and manufacturing capabilities. The company's Specialty Brands segment includes branded medicines and its Specialty Generics segment includes specialty generic drugs, active pharmaceutical ingredients and external manufacturing. To learn more about Mallinckrodt, visit [www.mallinckrodt.com](http://www.mallinckrodt.com)

**About Mesoblast**

Mesoblast Limited (ASX:MSB; Nasdaq:MESO) is a global leader in developing innovative cell-based medicines. The Company has leveraged its proprietary technology platform, which is based on specialized cells known as mesenchymal lineage adult stem cells, to establish a broad portfolio of late-stage product candidates. Mesoblast's allogeneic, 'off-the-shelf' cell product candidates target advanced stages of diseases with high, unmet medical needs including cardiovascular diseases, immune-mediated and inflammatory disorders, orthopedic disorders, and oncologic/hematologic conditions.

**Forward-Looking Statements**

This press release includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements should not be read as a guarantee of future performance or results, and actual results may differ from the results anticipated in these forward-looking statements, and the differences may be material and adverse. You should read this press release together with our risk factors, in our most recently filed reports with the SEC or on our website. Uncertainties and risks that may cause Mesoblast's actual results, performance or achievements to be materially different from those which may be expressed or implied by such statements, and accordingly, you should not place undue reliance on these forward-looking statements. We do not undertake any obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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